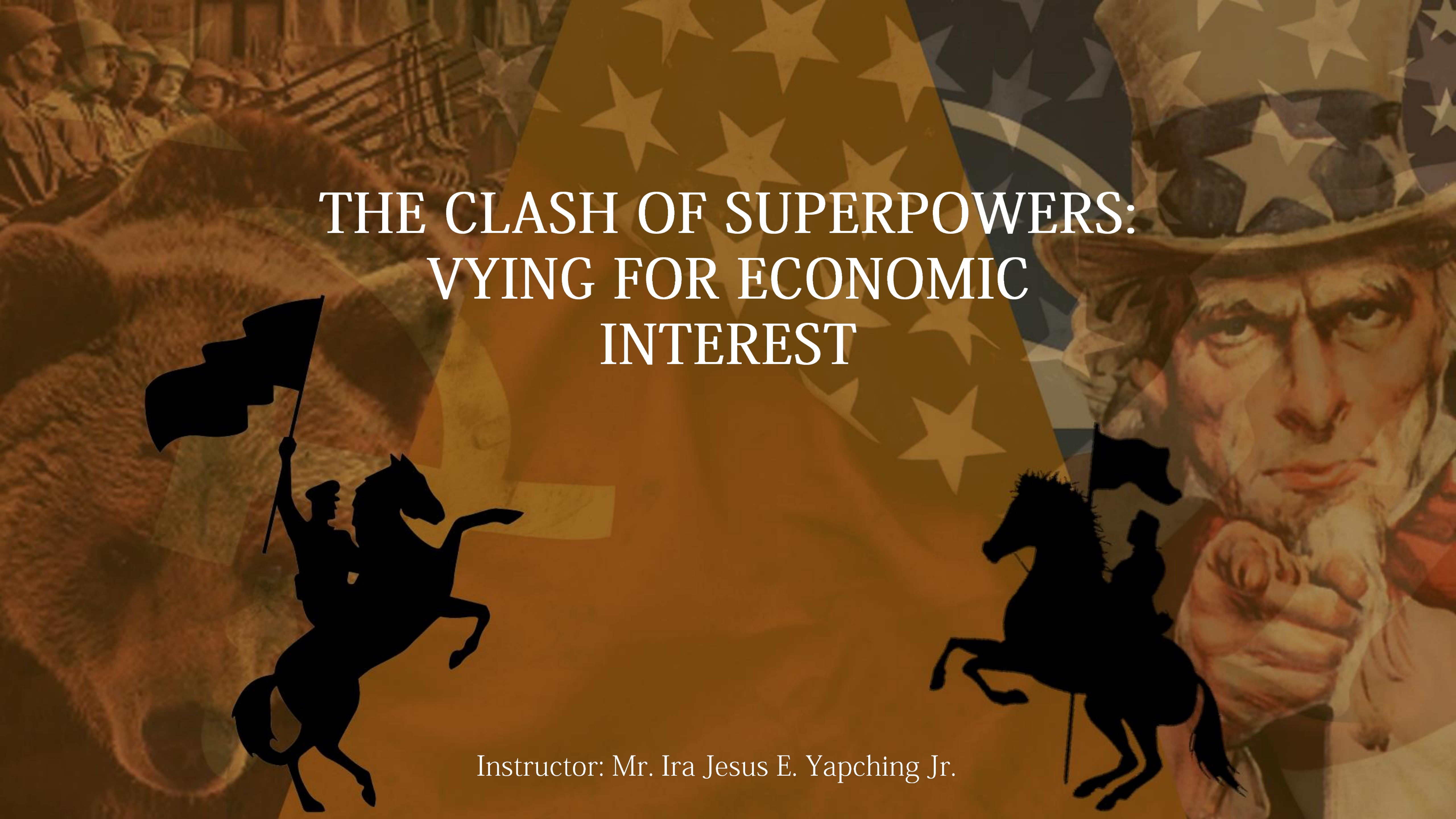


THE CLASH OF SUPERPOWERS: VYING FOR ECONOMIC INTEREST

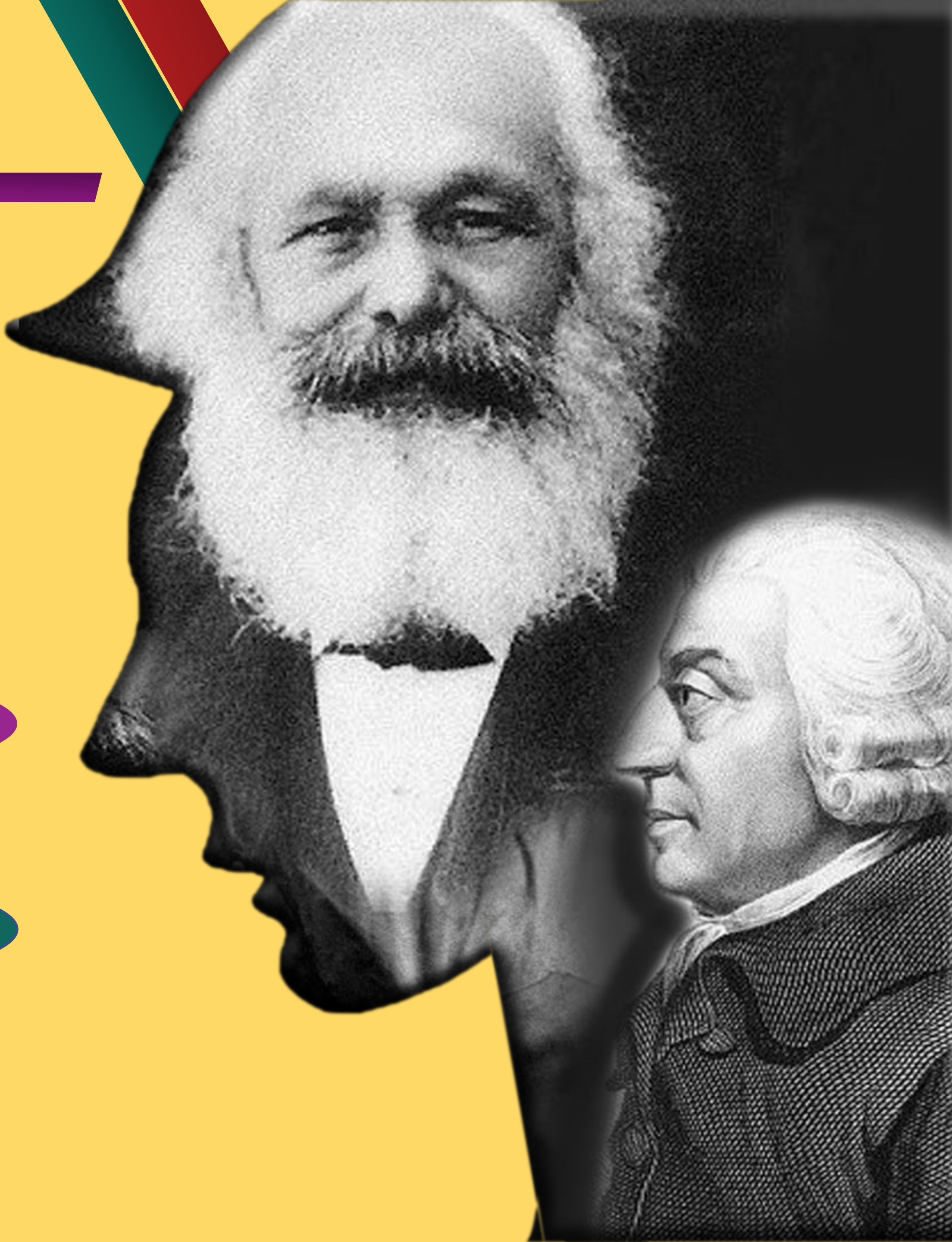
Instructor: Mr. Ira Jesus E. Yapching Jr.

CLASH OF IDEOLOGIES

The two thinkers have opposing ideas about the role of the private and government in the economy. Their concept became popular and influenced millions of people around the globe. Some resulted in disaster, and some resulted in peace. It turned out to be in black and white.

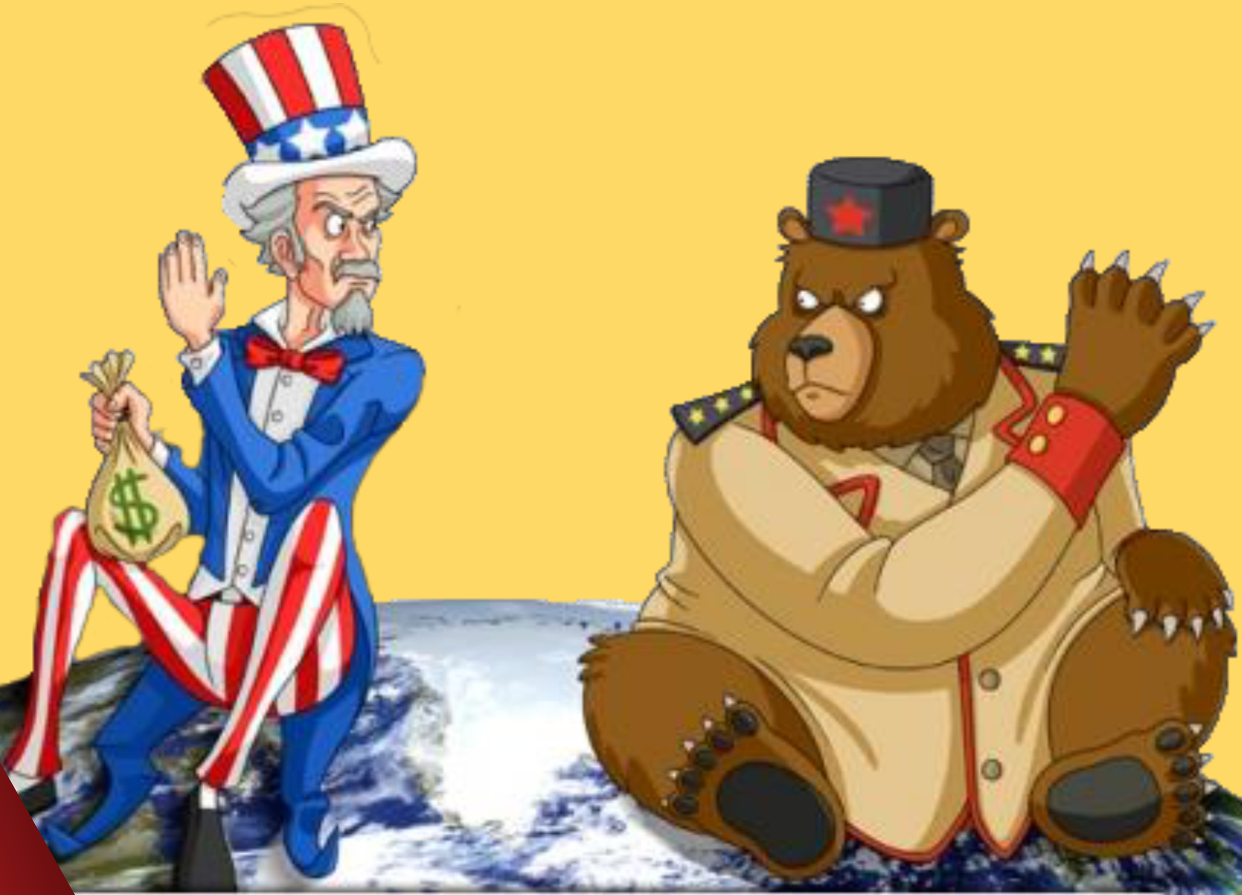
1 CAPITALISM- ADAM SMITH

2 COMMUNISM- KARL MARX



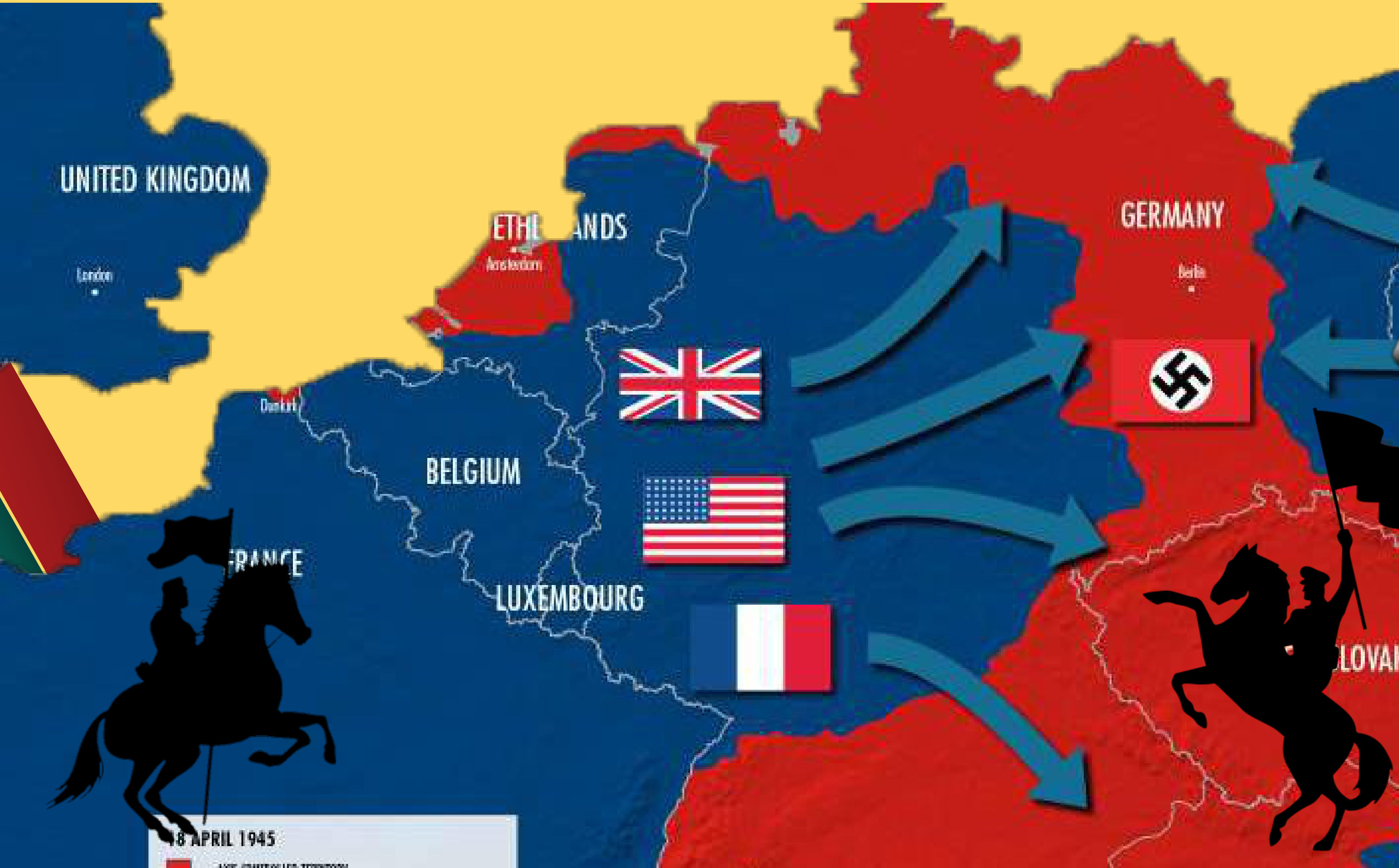
COLD WAR 1947-1991

The indirect clash between the USA, the bearer of Capitalism, and the USSR, the bearer of Communism.



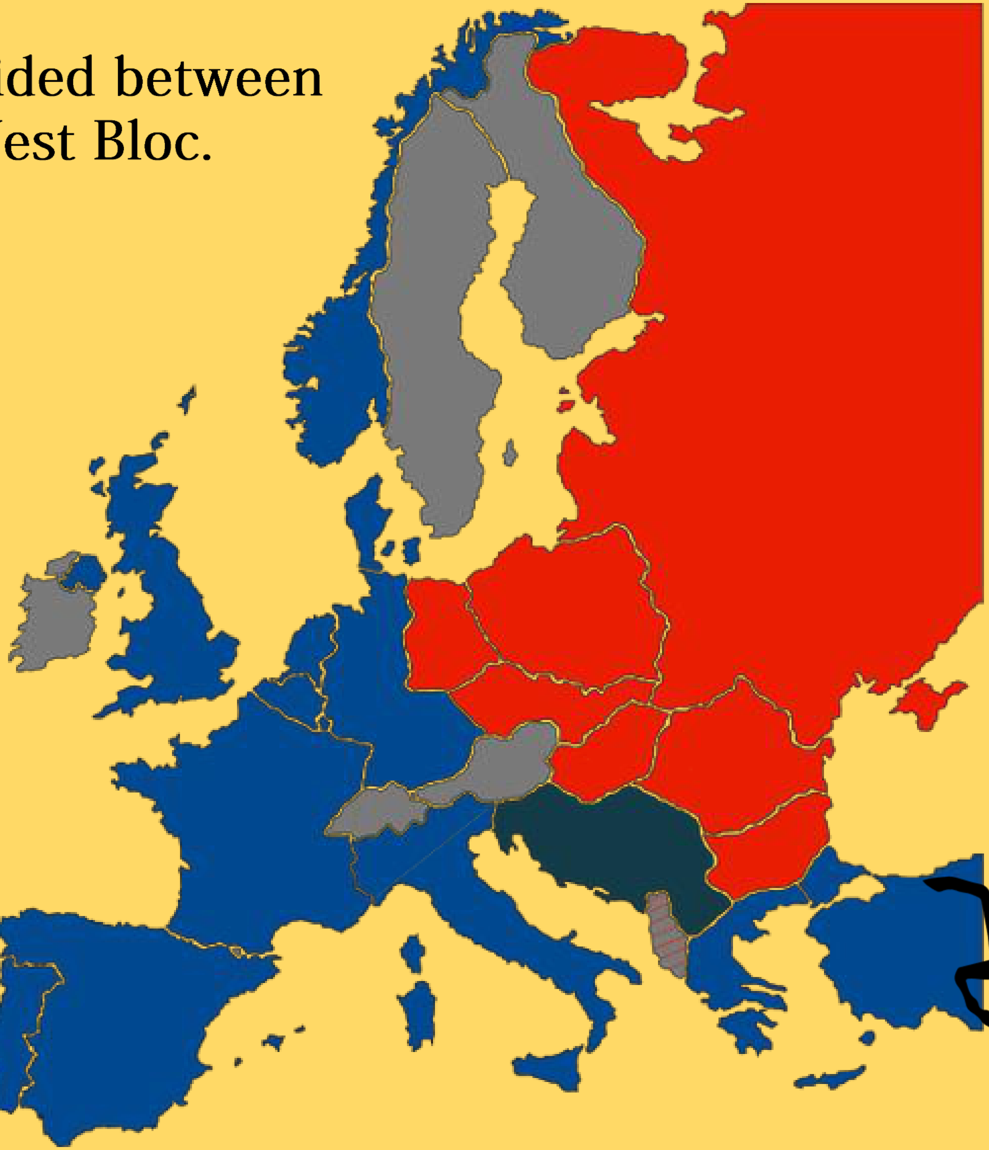
WOLRD WAR II: FACE-OFF

During World War II, the United States and the Soviet Union had joined forces to fight against the Germans.


UNITED KINGDOM
London
ETHE ANDS
Amsterdam
GERMANY
Berlin
Dunkirk
BELGIUM
RANCE
LUXEMBOURG
LOVAKIA
8 APRIL 1945

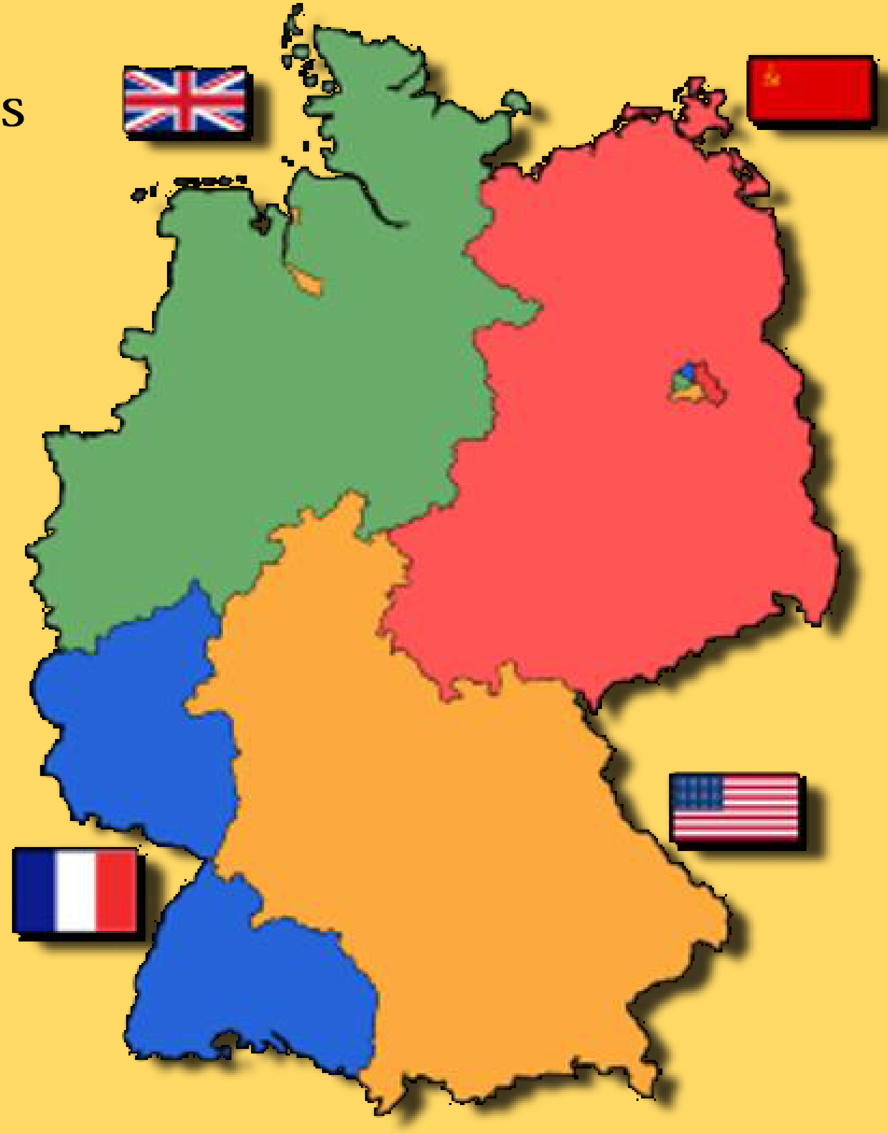
IRON CURTAIN

Europe divided between
East and West Bloc.



THE CRUMBLING GERMANS

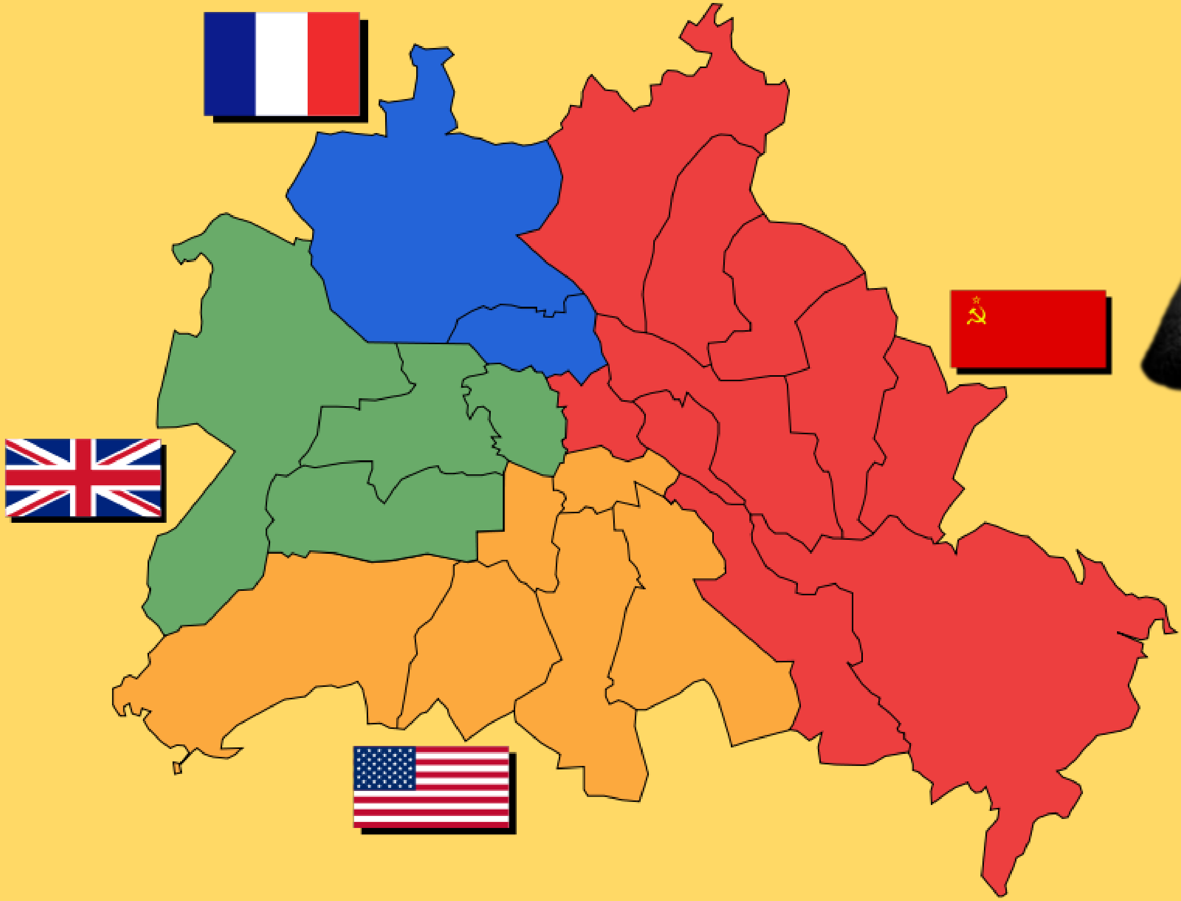
The Germany was divided into four zones of occupation including its capital Berlin.



Ende
des
franz. Sektors
© picture

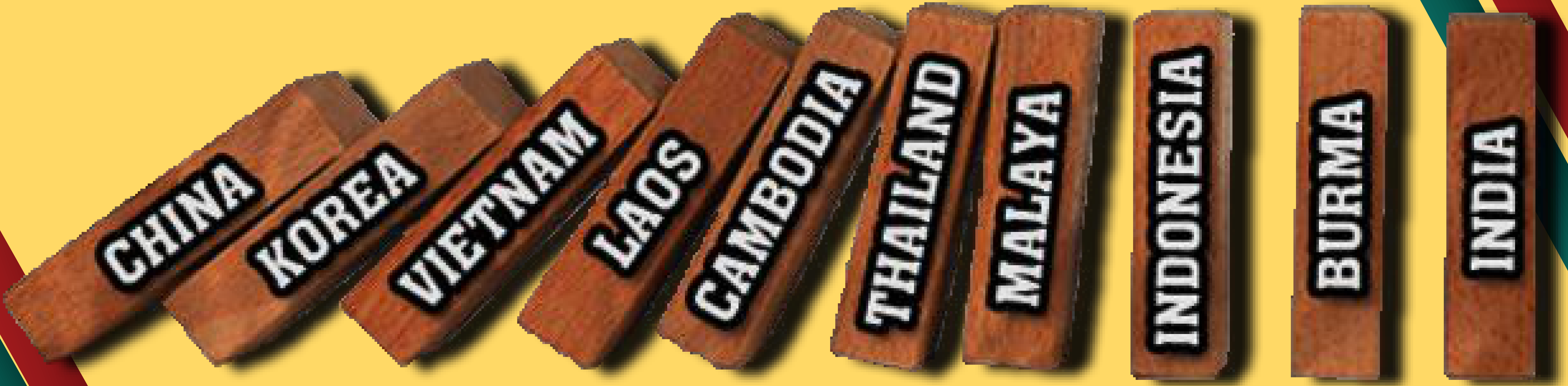
BERLIN WALL

Berlin, the capital of Germany, was also divided into four zones of occupation but later divided into two due to the allies’ agreement to merge their territories.



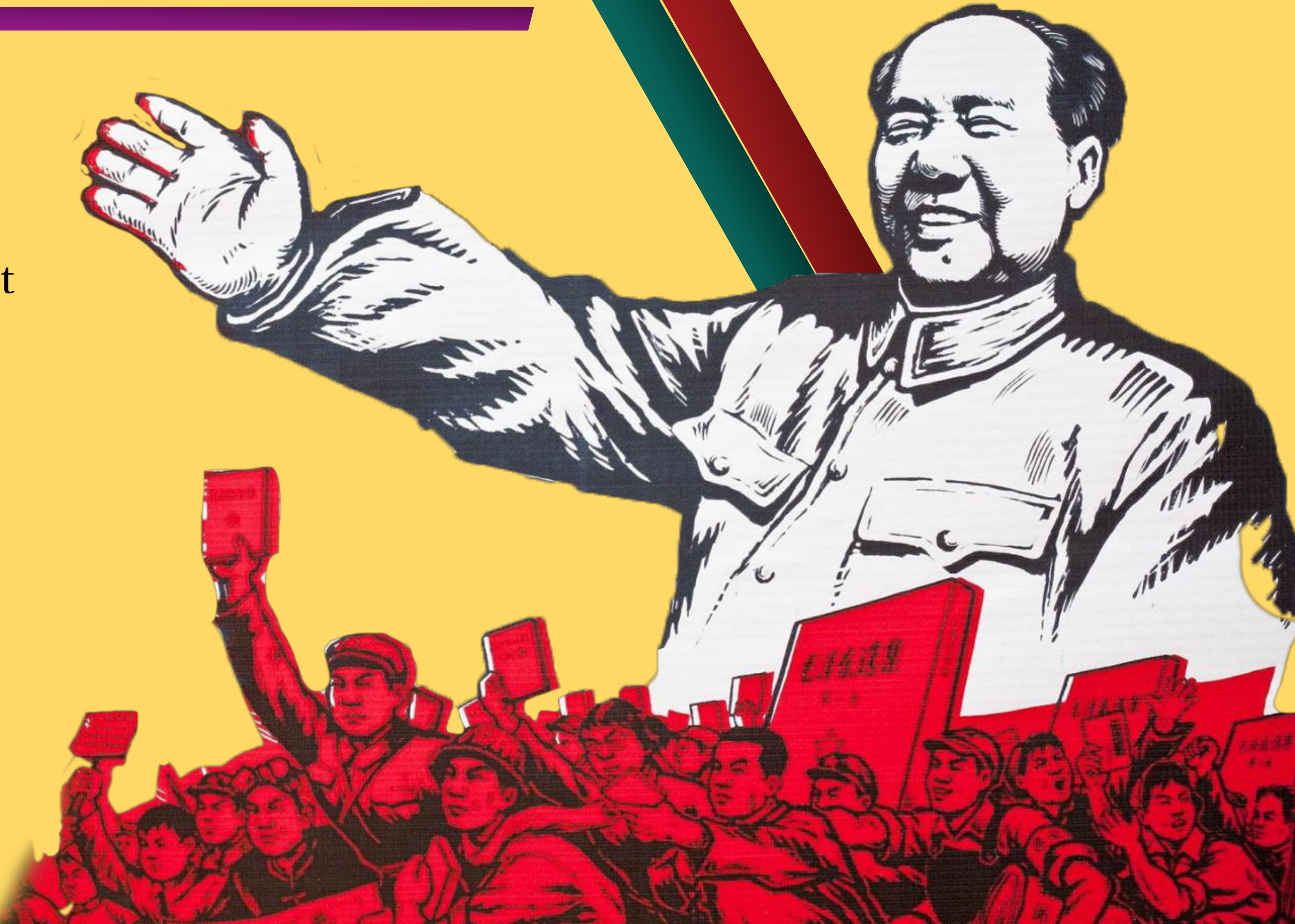
DOMINO THEORY

The Allies were afraid of the growing influence of communism, believing that one country with strong support for communism would greatly influence the country next to it.


CHINA
KOREA
VIETNAM
LAOS
CAMBODIA
THAILAND
MALAYA
INDONESIA
BURMA
INDIA

COMMUNIST CHINA

China was a pro-communist country and was supported by the Soviets. China officially became communist in the year 1949.



People's Republic of China

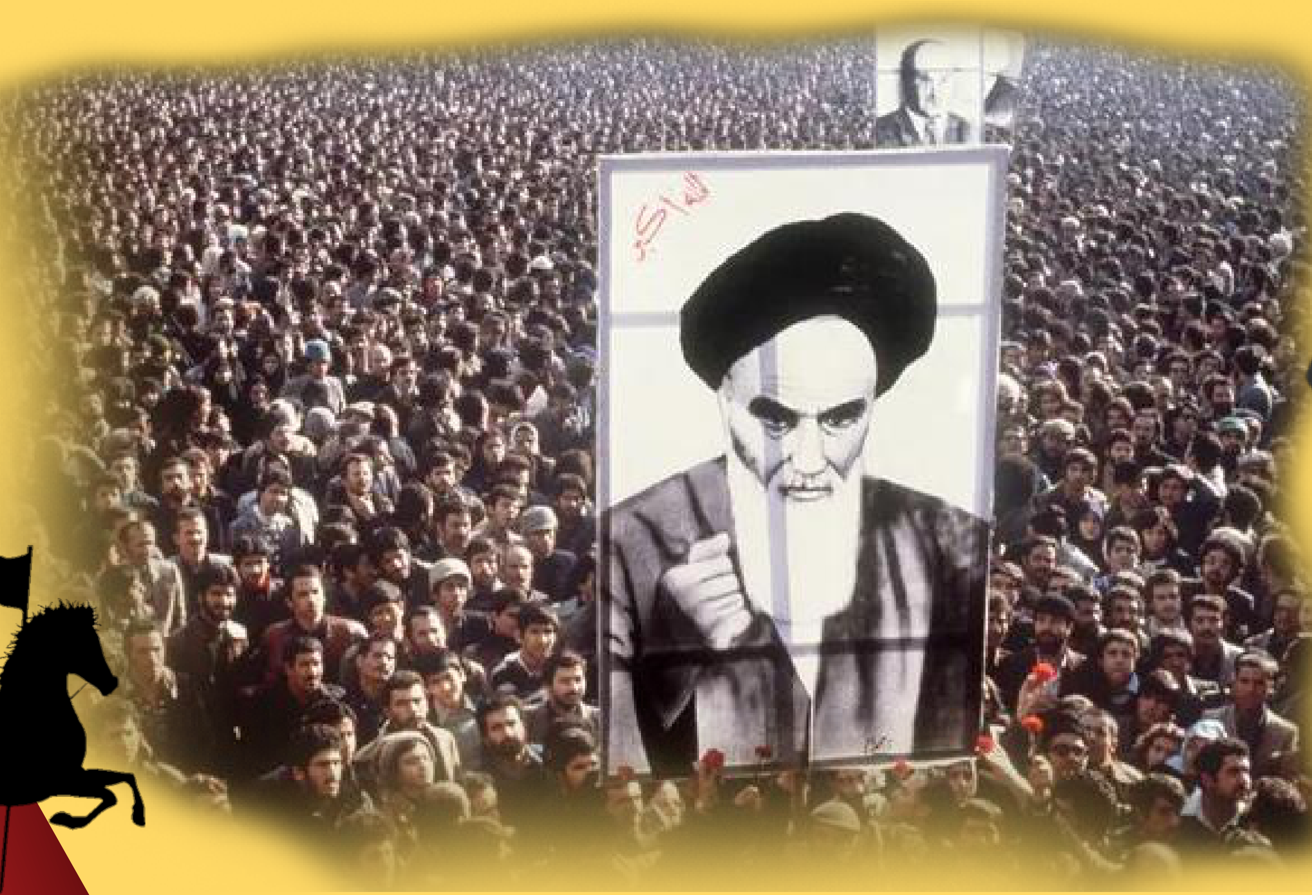
Republic of China

Mao Zedong
Head of Mainland China
Pro Communism

Chiang-Kai-Shek
Head of Formosa
Pro Capitalism

THE RICH OIL COUNTRY

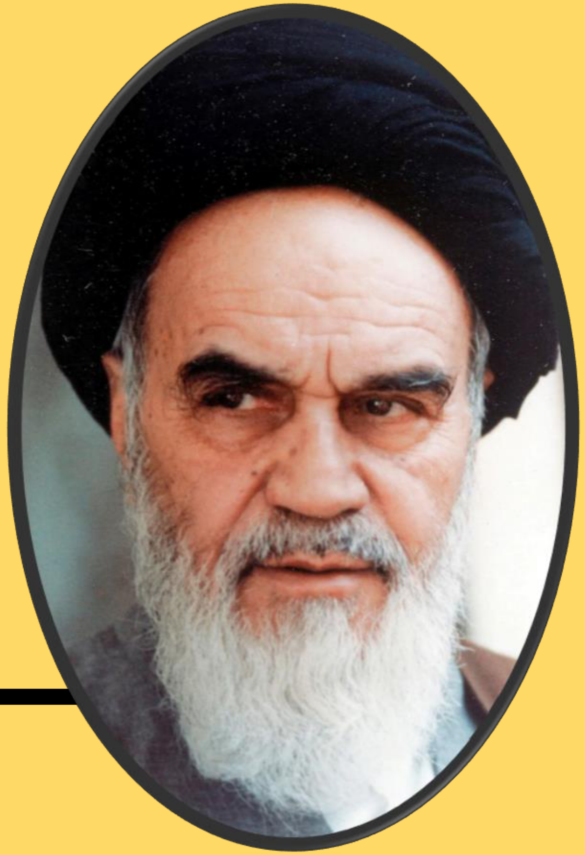
Iran faced the daring task of solving traditional Islamic culture and modern Western materialism. The superpowers play a shadow role at the expense of the Iranians.



Imperial State of Iran

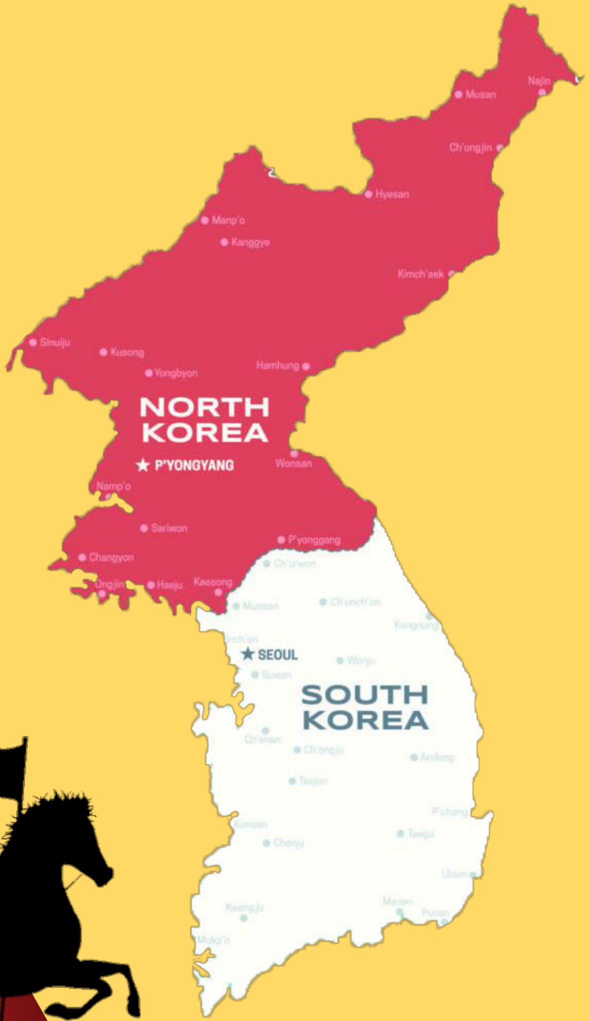
Islamic Republic of Iran

Mohammad Reza Pahlavi
Head of Pahlavi Dynasty
Pro Capitalism



Ruhollah Khomeini
Head of Islamic State
Pro Islamic Fundamentalism

KOREAN WAR 1950-1953


Musan
Najin
Ch'ongjin
Hyesan
Manp'o
Kanggye
Kimch'aek
Sinuiju
Kusong
Yongbyon
Hamhung
NORTH KOREA
P'YONGYANG
Wonsan
Namp'o
Sariwon
P'yonggang
Changyon
Ch'orwon
Ongjin
Haeju
Kaesong
Munsan
Ch'unch'on
Kangnung
Inch'on
SEOUL
Wonju
Suwon
SOUTH KOREA
Ch'onan
Ch'ongju
Andong
Taejon
P'ohang
Kunsan
Taegu
Chonju
Ulsan
Kwangju
Masan
Pusan
Mokp'o

Both superpowers toppled the Japanese troops in Korea in 1945. After the surrender of Imperial Japan in World War II, the two superpowers competed to subdue the peninsula.

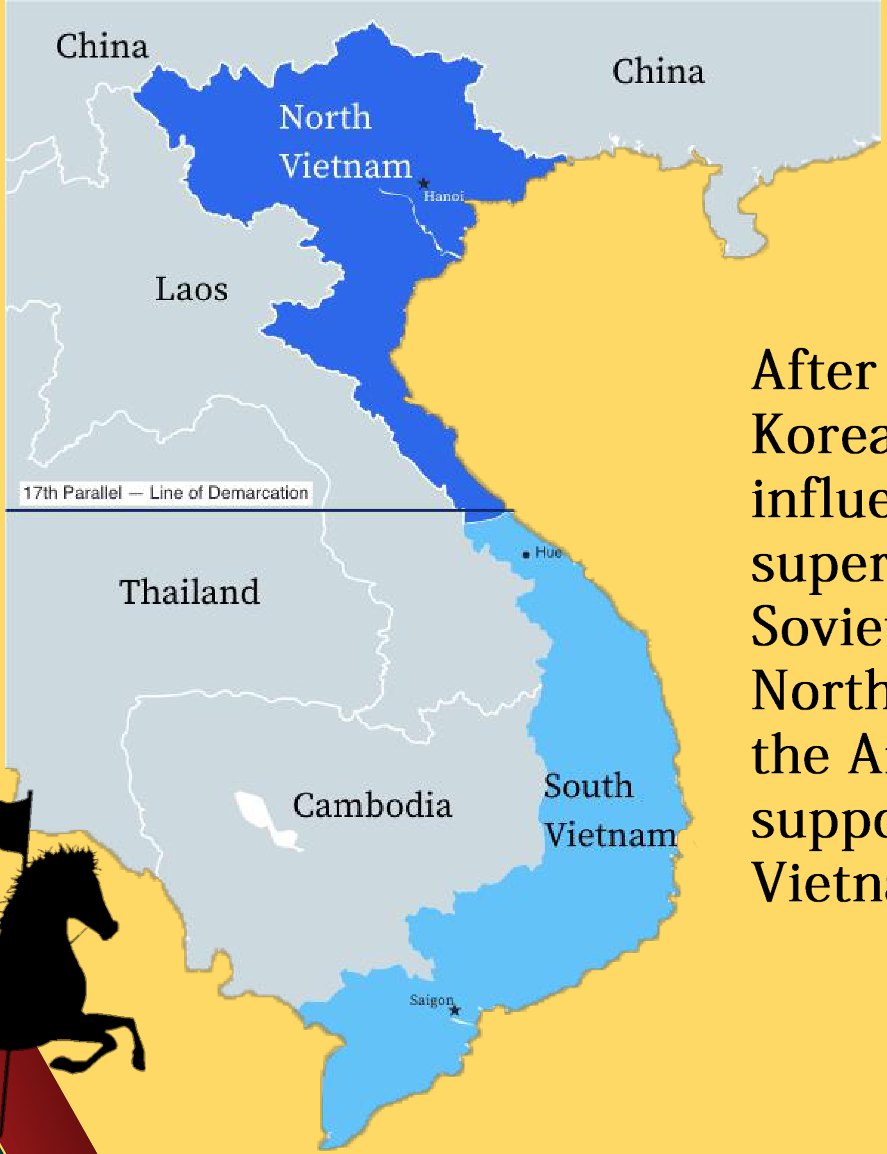
Republic of Korea

Democratic People's Republic of Korea

Syngman Rhee
Head of South Korea
Pro Capitalism

Kim Il-Sung
Head of North Korea
Pro Communism

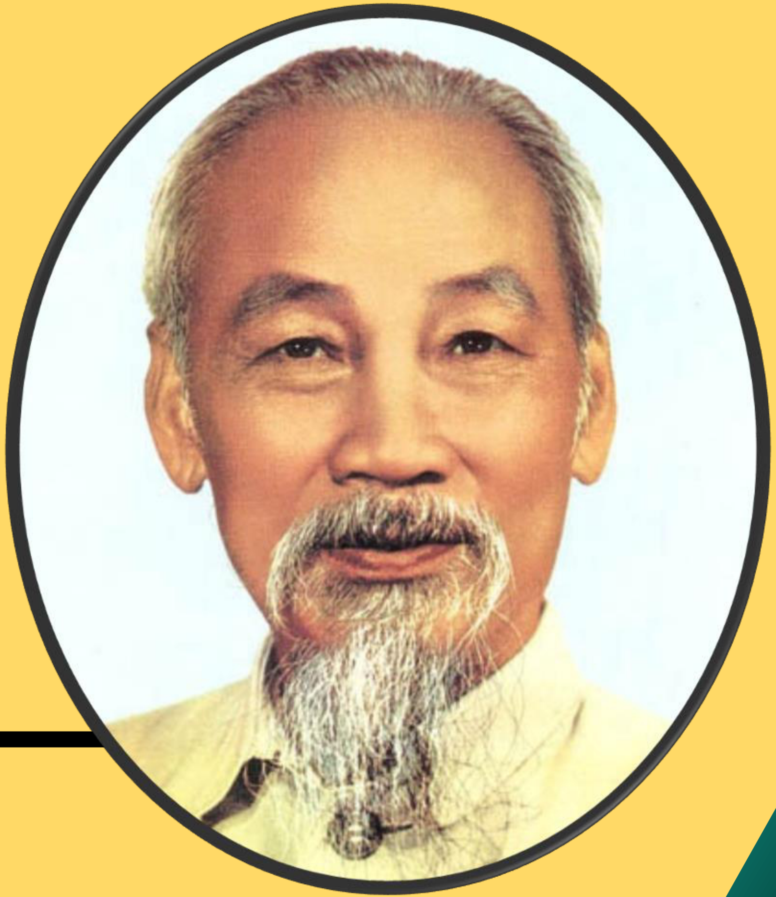
VIETNAM WAR 1955-1975


China
China
North Vietnam
Hanoi
Laos
17th Parallel — Line of Demarcation
Hue
Thailand
Cambodia
South Vietnam
Saigon

After the war in Korea, Vietnam was influenced by two superpowers. The Soviets supported North Vietnam, and the Americans supported South Vietnam.

Republic of Vietnam

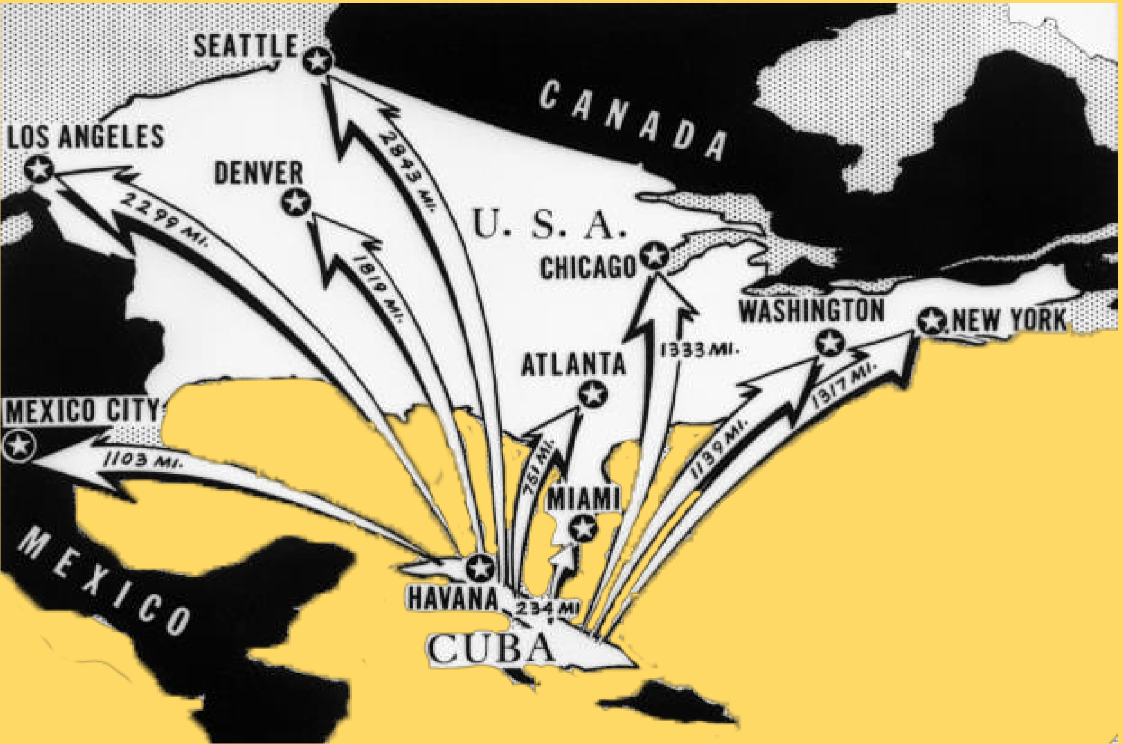
Bao Dai
Head of South Vietnam
Pro Capitalism



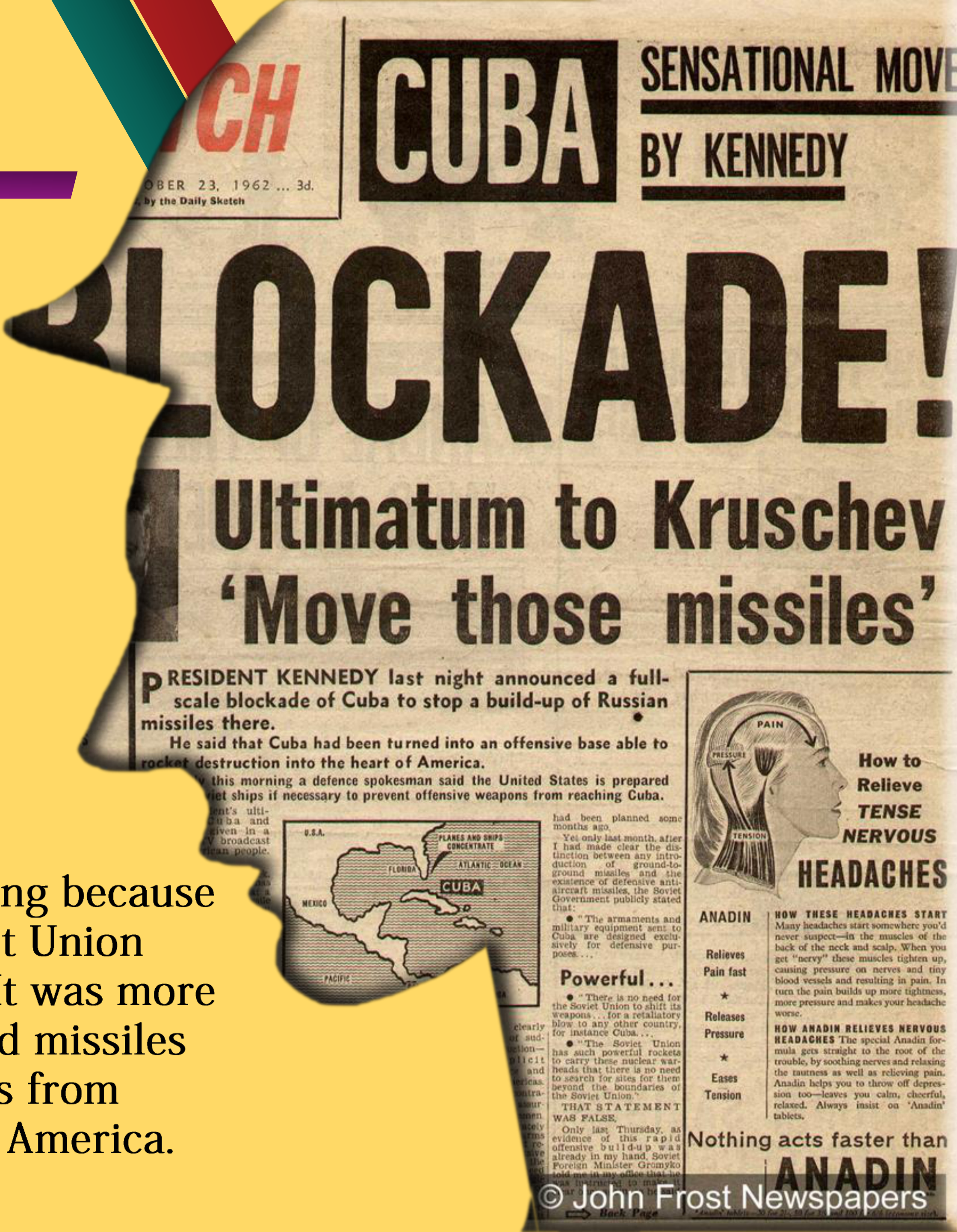
Democratic Republic of Vietnam

Ho Chi Minh
Head of North Vietnam
Pro Communism

CUBAN MISSILE CRISIS 1962


SEATTLE
CANADA
LOS ANGELES
DENVER
U. S. A.
2843 MI.
2299 MI.
1819 MI.
CHICAGO
WASHINGTON
NEW YORK
ATLANTA
1333 MI.
MEXICO CITY
1103 MI.
751 MI.
1139 MI.
1317 MI.
MIAMI
MEXICO
HAVANA
234 MI
CUBA

Pro-communist feelings in Cuba were strong because of this; the relationship between the Soviet Union and Cuban leader Fidel Castro tightened. It was more intense when the Soviets sent and installed missiles in Cuba, believing it would stop Americans from meddling in the communist affair in Latin America.



ICH

OBER 23, 1962 ... 3d.

by the Daily Sketch

CUBA

SENSATIONAL MOVE

BY KENNEDY

LOCKADE!

Ultimatum to Kruschev

'Move those missiles'

PRESIDENT KENNEDY last night announced a full-scale blockade of Cuba to stop a build-up of Russian missiles there.

He said that Cuba had been turned into an offensive base able to rocket destruction into the heart of America.

this morning a defence spokesman said the United States is prepared

iet ships if necessary to prevent offensive weapons from reaching Cuba.

U.S.A.
PLANES AND SHIPS CONCENTRATE
FLORIDA
ATLANTIC OCEAN
CUBA
MEXICO
PACIFIC

had been planned some months ago.

Yet only last month, after I had made clear the distinction between any introduction of ground-to-ground missiles and the existence of defensive anti-aircraft missiles, the Soviet Government publicly stated that:

● "The armaments and military equipment sent to Cuba are designed exclusively for defensive purposes. . .

Powerful . . .

● "There is no need for the Soviet Union to shift its weapons . . . for a retaliatory blow to any other country, for instance Cuba. . .

● "The Soviet Union has such powerful rockets to carry these nuclear warheads that there is no need to search for sites for them beyond the boundaries of the Soviet Union."

THAT STATEMENT WAS FALSE.

Only last Thursday, as evidence of this rapid offensive build-up was already in my hand, Soviet Foreign Minister Gromyko

Back Page

PAIN
PRESSURE
TENSION
How to Relieve TENSE NERVOUS HEADACHES

ANADIN

Relieves Pain fast

★

Releases Pressure

★

Eases Tension

HOW THESE HEADACHES START Many headaches start somewhere you'd never suspect—in the muscles of the back of the neck and scalp. When you get "nervy" these muscles tighten up, causing pressure on nerves and tiny blood vessels and resulting in pain. In turn the pain builds up more tightness, more pressure and makes your headache worse.

HOW ANADIN RELIEVES NERVOUS HEADACHES The special Anadin formula gets straight to the root of the trouble, by soothing nerves and relaxing the tautness as well as relieving pain. Anadin helps you to throw off depression too—leaves you calm, cheerful, relaxed. Always insist on 'Anadin' tablets.

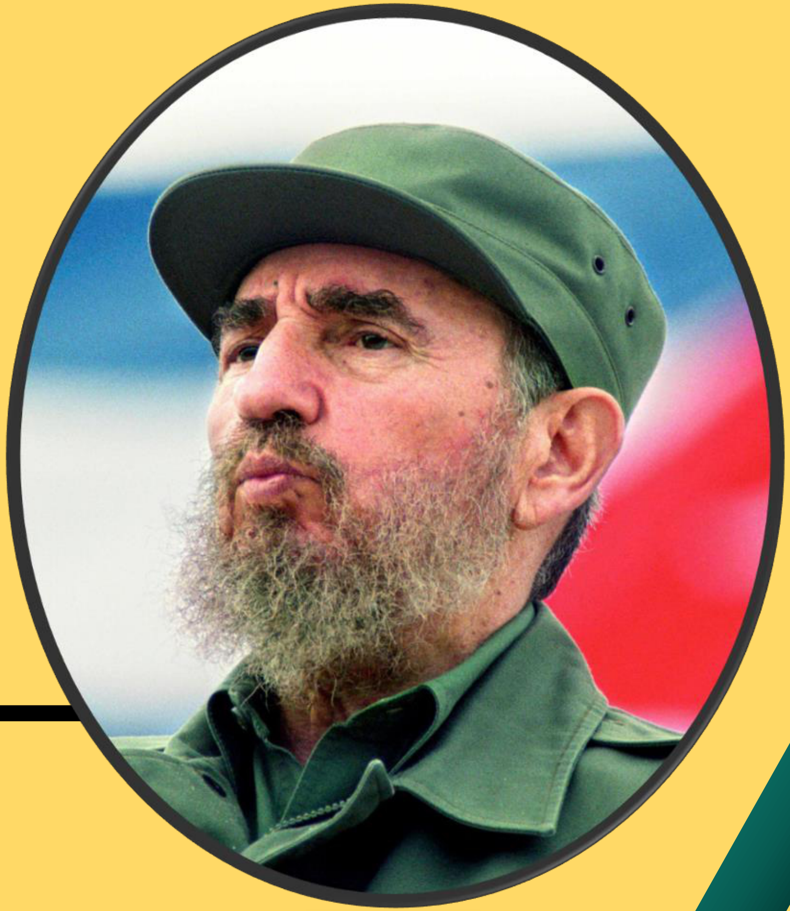
Nothing acts faster than ANADIN

© John Frost Newspapers

Republic of Cuba

Fulgencio Batista
Head of Cuba
1952-1959
Pro Capitalism

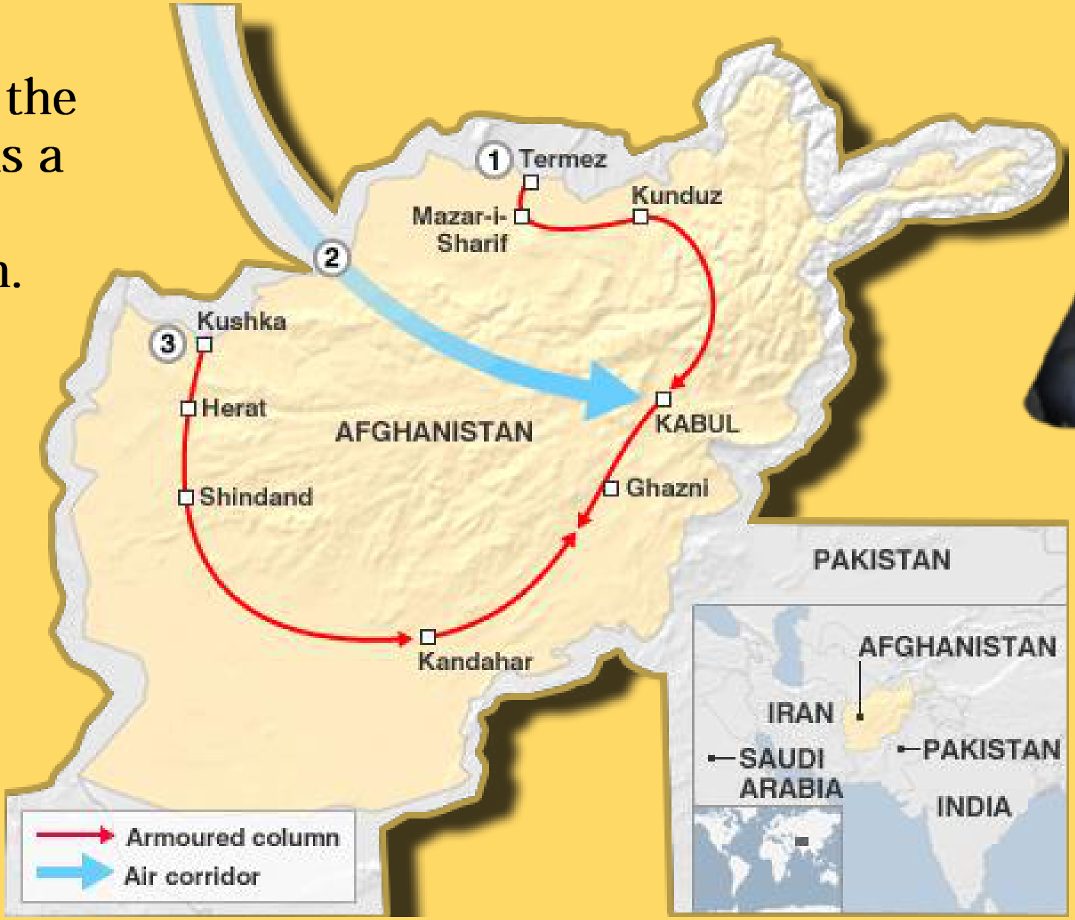
Republic of Cuba



Fidel Castro
Head of Cuba
1965-2011
Pro Communism

AFGHAN-SOVIET WAR 1979-1989

Soviet invaded Afghanistan to support the pro-communist government and the country served as a stepping stone toward the South.


① Termez
Mazar-i-Sharif
Kunduz
②
③ Kushka
Herat
AFGHANISTAN
KABUL
Ghazni
Shindand
Kandahar
PAKISTAN
AFGHANISTAN
IRAN
SAUDI ARABIA
PAKISTAN
INDIA
Armoured column
Air corridor

Mujahideen factions

People's Democratic Party of Afghanistan

Mujahideen
Rebels who fought Soviet and Afghan pro Islamic Conservatism

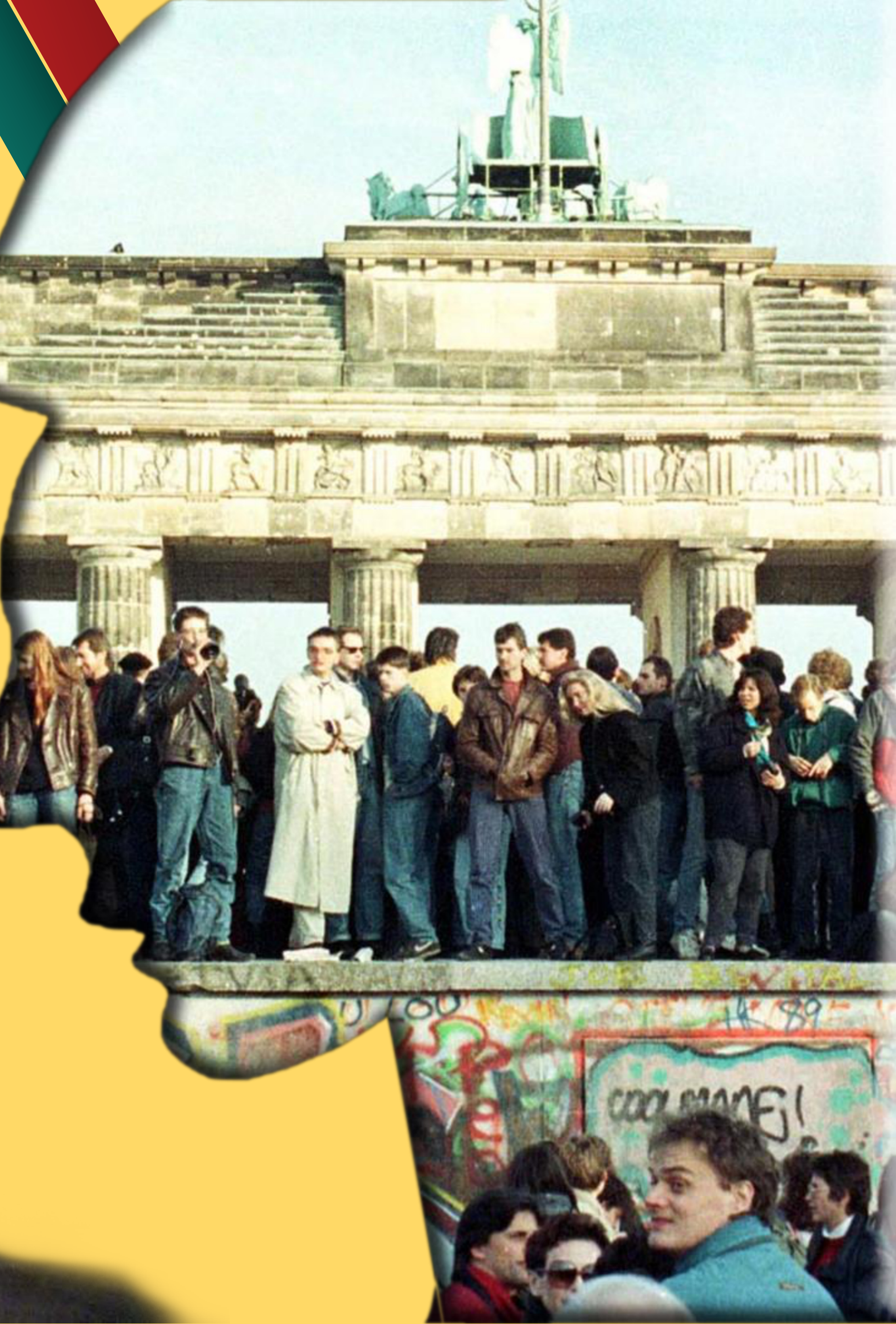
Babrak Kamal
Head of Afghanistan
1979-1986
Pro Communism

SPACE RACE

The superpowers compete not only on land but also in the sky. When the Soviet Union launched its first artificial space satellite, the Americans felt threatened, so they found their own too.

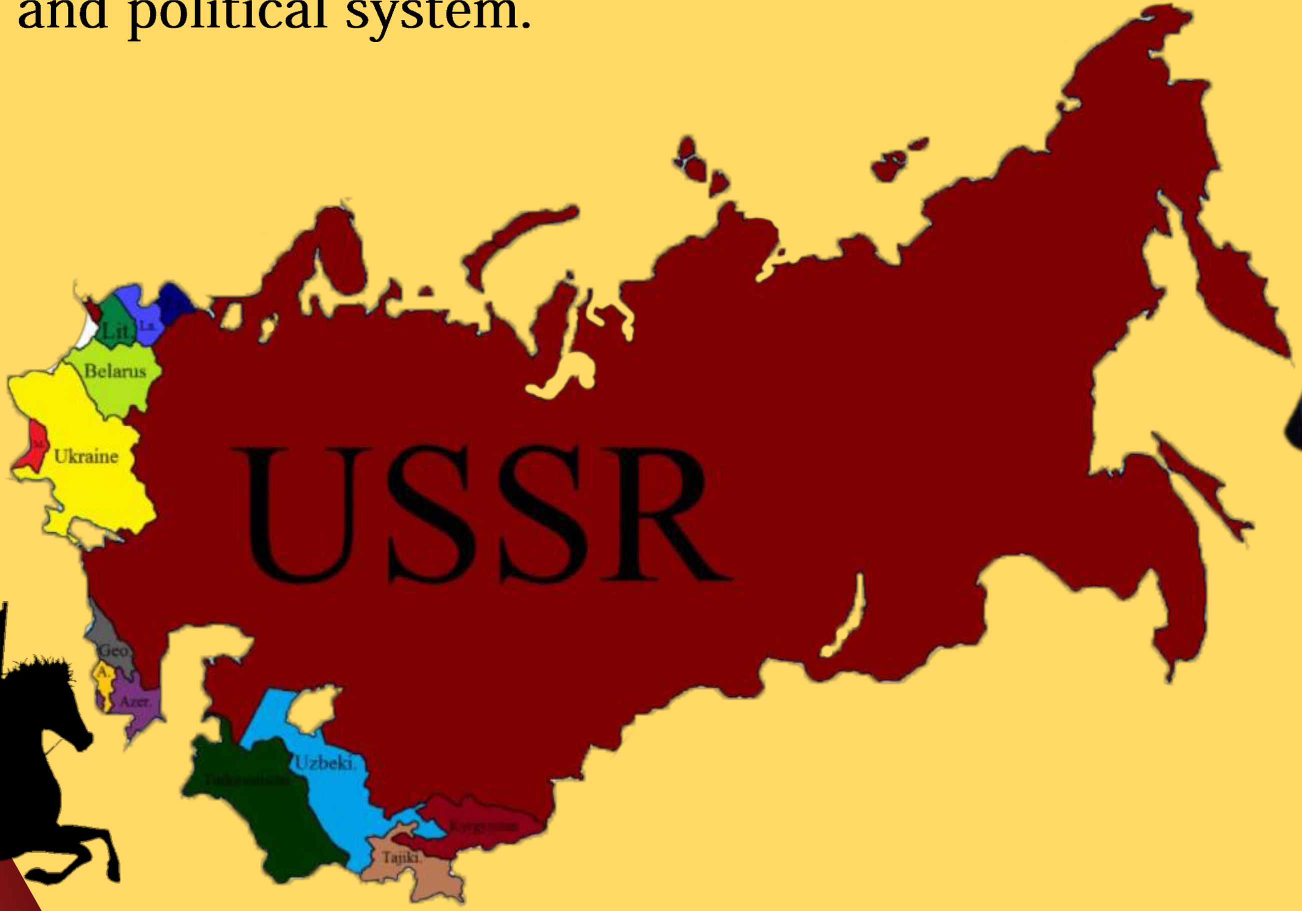
EASTERN BLOC REVOLT

Satellite territory of the Soviet Union, particularly in Eastern Europe, revolted against their repressive ruler and threatened the system to crumble, which Soviet communism began in 1947.



THE COLLAPSE OF SOVIET UNION

The downfall of the Soviet Union and the start of newly independent countries usher in a new era of social and political system.


Lit.
La.
Belarus
Ukraine
USSR
Geo.
A.
Azer.
Uzbeki.
Turkmenistan
Kyrgyzstan
Tajiki.

MAJOR STRATEGIES OF COLD WAR

1 Foreign Aid

2 Propaganda

3 Espionage

4 Brinkmanship

4 Multinational Alliances

5 Proxy Wars

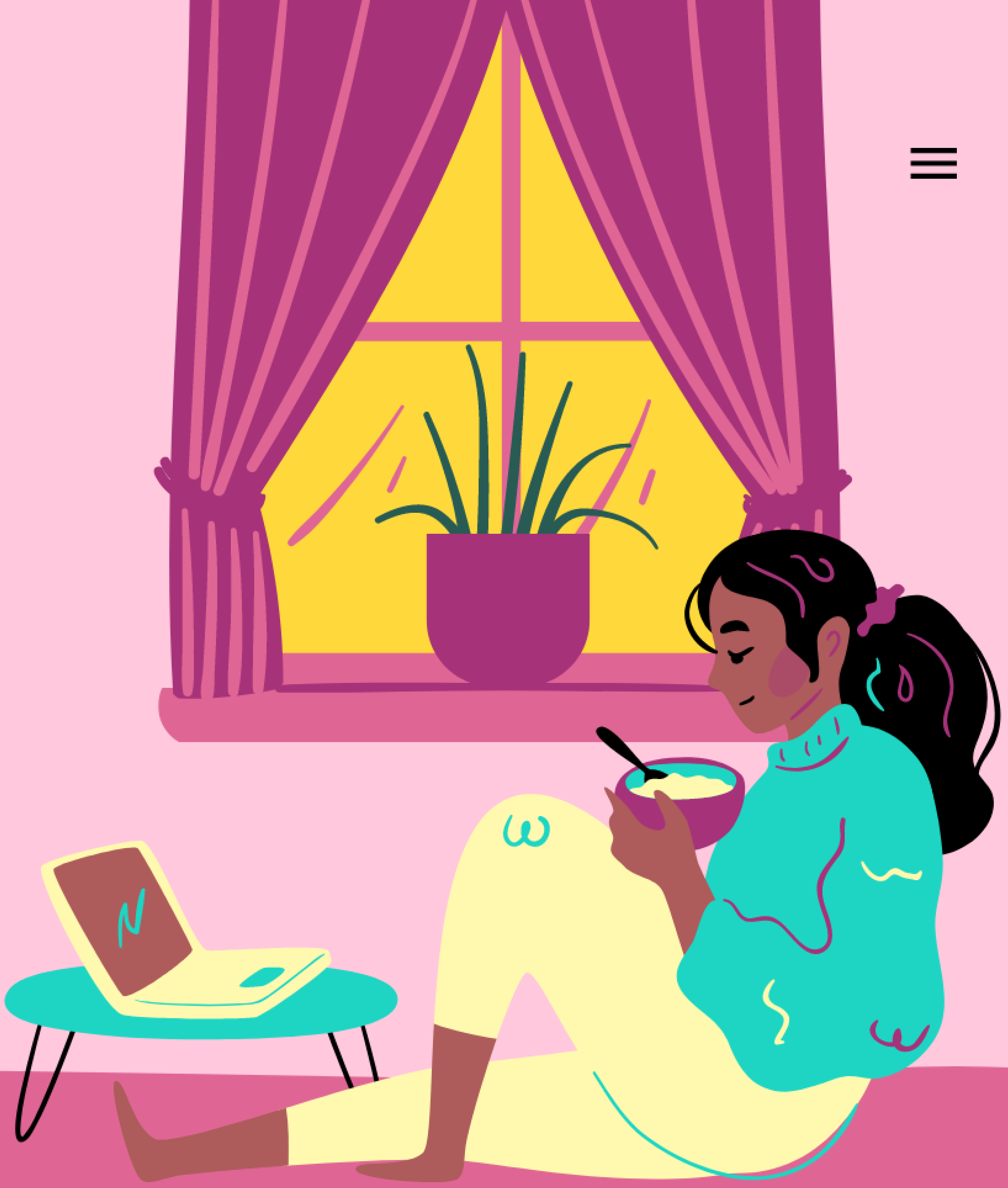
THANK YOU FOR LISTENING!

vour name is on
coq MANE!

CHAPTER 4

APPLICATION OF SUPPLY AND DEMAND

Applied Economics



LEARNING OBJECTIVES

At the end of this chapter, the learners will be able to:

- explain the law of supply and demand;
- discuss and explain factors affecting supply and demand;
- compare the prices of commodities and analyze the impact on consumers;
- explain market structures and uses of money; and
- understand the labor market and labor supply.

THE LAW OF SUPPLY AND DEMAND

To an economist, the term DEMAND is very different from the terms need and want.

DEMAND

- is the **willingness and ability** of consumers to *buy products* at certain prices over a certain period.

- is a concept that relates the desire people have for goods and services to the sacrifices (costs) they are willing to make to get them.

NOTE: Needs and desires are subjective and are very difficult to measure. Demand, however, can be quantified.

THE LAW OF DEMAND

- states that there is a relationship between the price of a good and the amount of it that people are willing and able to buy.

- stipulates an inverse or negative relationship between the price of any good and the quantity that people will
buy.

Always remember!

In the law of demand, price is the cause and quantity is the effect. It means that when a price goes up, the quantity demanded goes down. On the other hand, when the price falls, the quantity demanded goes up.

PRICE CAUSES THE CHANGE.

In Mathematical terms, **price** is the ***independent variable*** and **quantity** is the ***dependent variable.***

Of course, this discussion assumes...

Ceteris Paribus - which means that everything else stays the same and that price is the only thing that changes.

Law of Demand

When the price goes up...

...the quantity demanded goes down.

NOTE: *The relationship between price and quantity is inverse.*

When the price goes down...

...the quantity demanded goes up.

SUPPLY

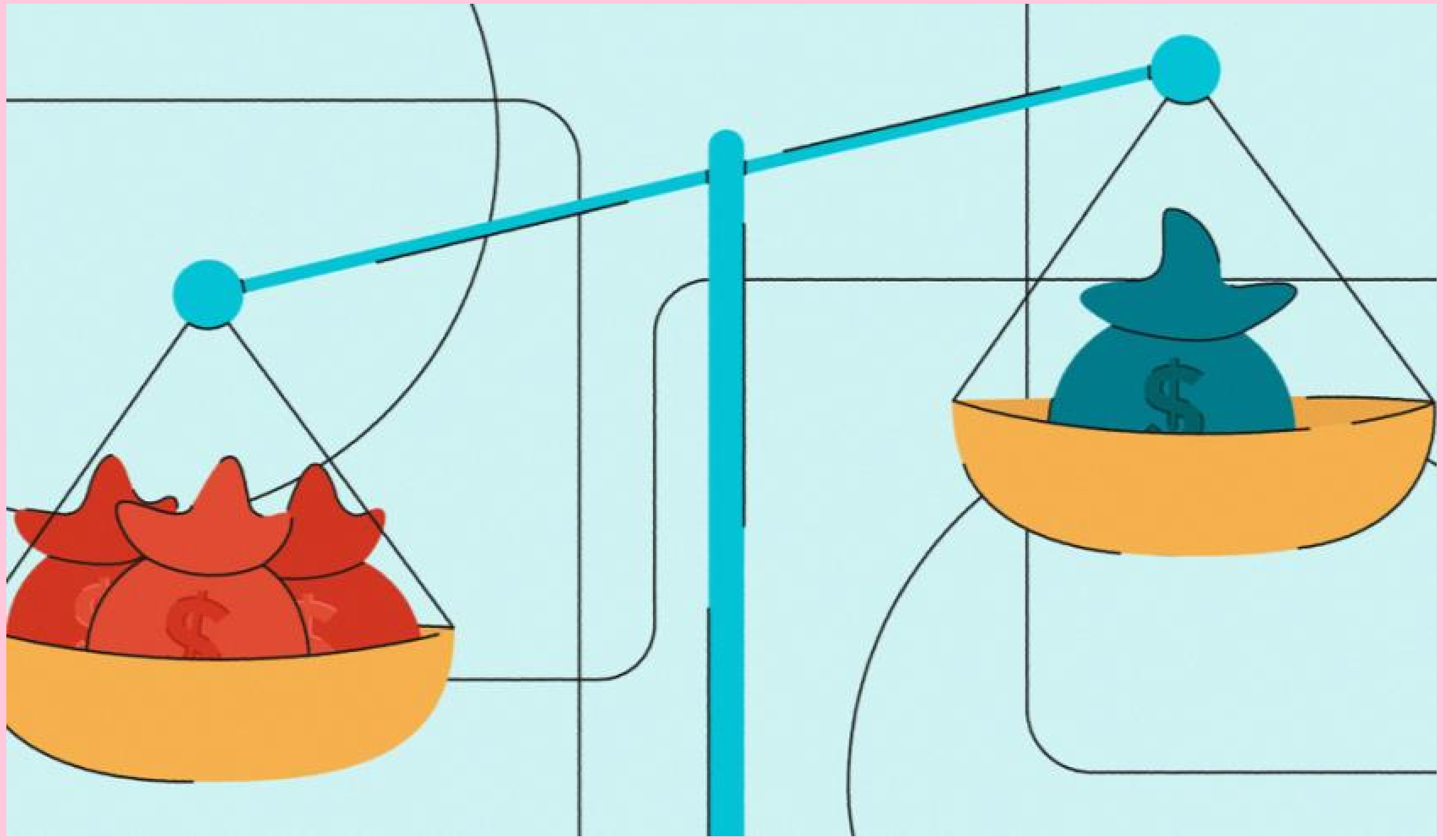
- Is the willingness and ability of a producer to make goods and services available at a variety of costs.

- In supplying goods to someone else, a business incurs costs, and it wants to get as much as it can from the sale to cover its costs and have something left over at the end of the day.

OPPORTUNITY COST

- the cost a producer faces

- producing more of one thing means giving up the opportunity to produce something else and using resources or inputs as well.



THE LAW OF SUPPLY

- The combination of price and costs

- States that there is a relationship between the price of a good and the amount that people are willing to spend and able to produce it.

HOW DOES IT WORK?

THE LAW OF SUPPLY

When the price that suppliers can receive for a **product increases**, they are willing to produce more of that product. On the other hand, when the price that suppliers can receive for a **product decreases**, they are less interested in producing that good. This is how suppliers express their own self-interest, and it is known as **law of supply.**

The Law of Supply

- According to the law of supply, the higher the price, the larger the quantity produced.

Price

As price increases…

Supply

Quantity supplied increases

Price

As price falls…

Supply

Quantity supplied falls

SUPPLY and DEMAND

CONTENTS

1 Law of Demand

2 Demand Schedule and Demand Curve

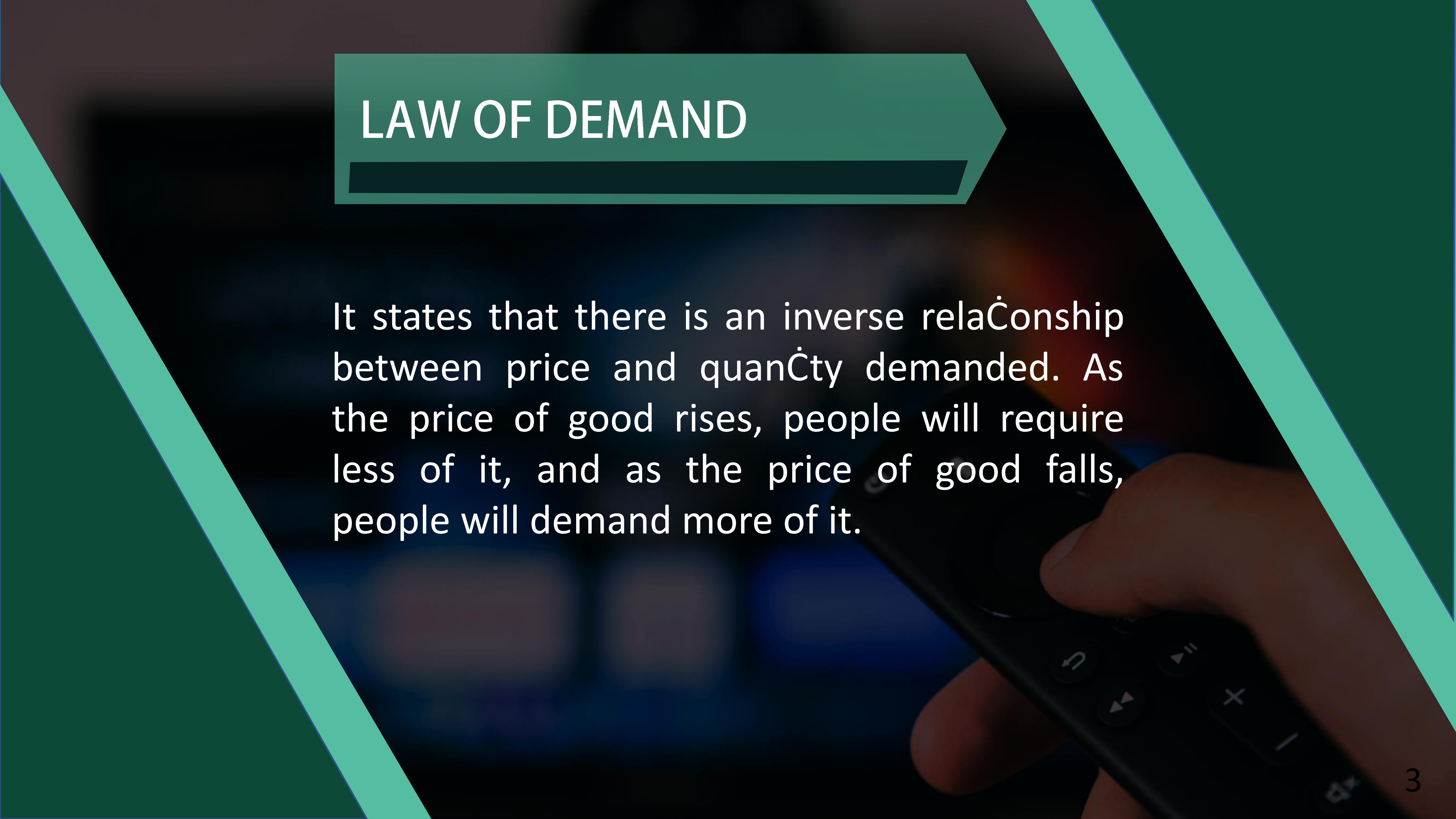
3 Demand Shifters and Factors that caused the movement of the demand curve

4 Law of Supply

5 Supply Schedule and Supply Curve

6 Supply Shifters and Factors that caused the movement of the supply curve

LAW OF DEMAND



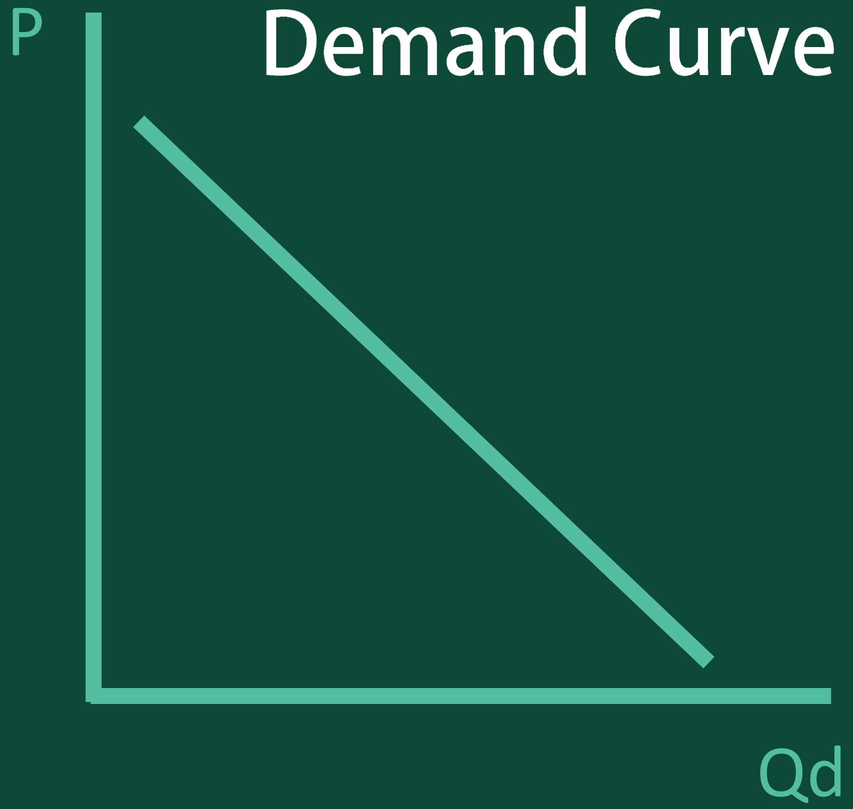
It states that there is an inverse relationship between price and quantity demanded. As the price of good rises, people will require less of it, and as the price of good falls, people will demand more of it.

Demand Schedule

a tabular representation of the inverse relationship between price and the quantity demanded.

	DEMAND SCHEDULE				
Price of Goods	P50	P40	P30	P20	P10
Quantity Demanded	10	25	40	55	70

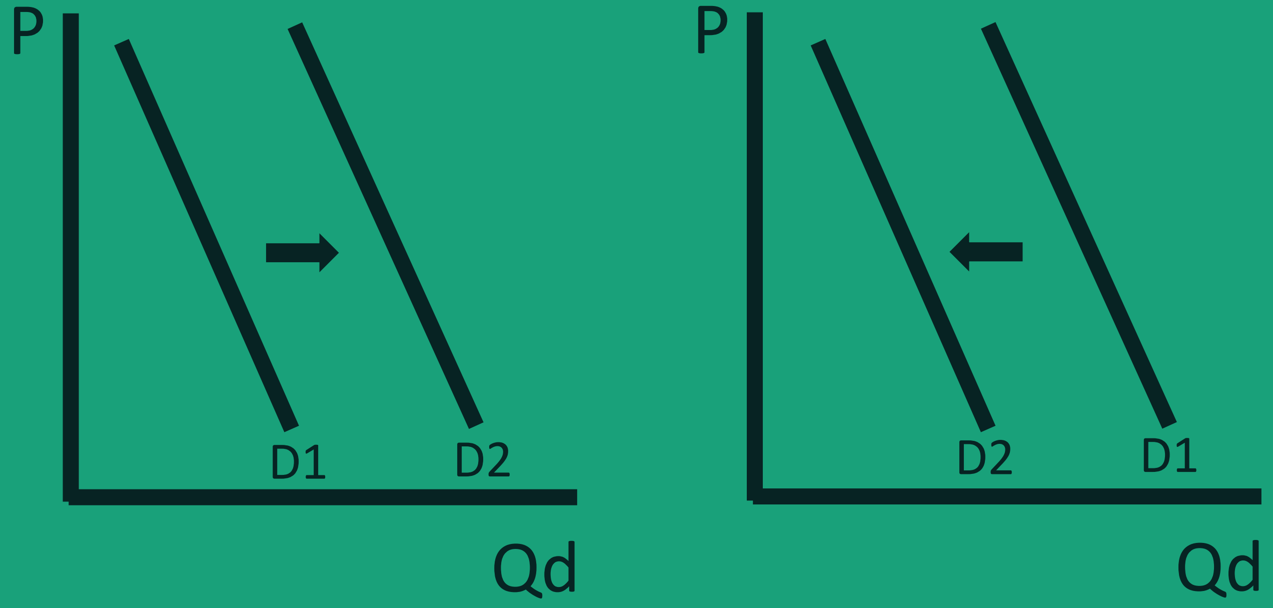
Demand Curve



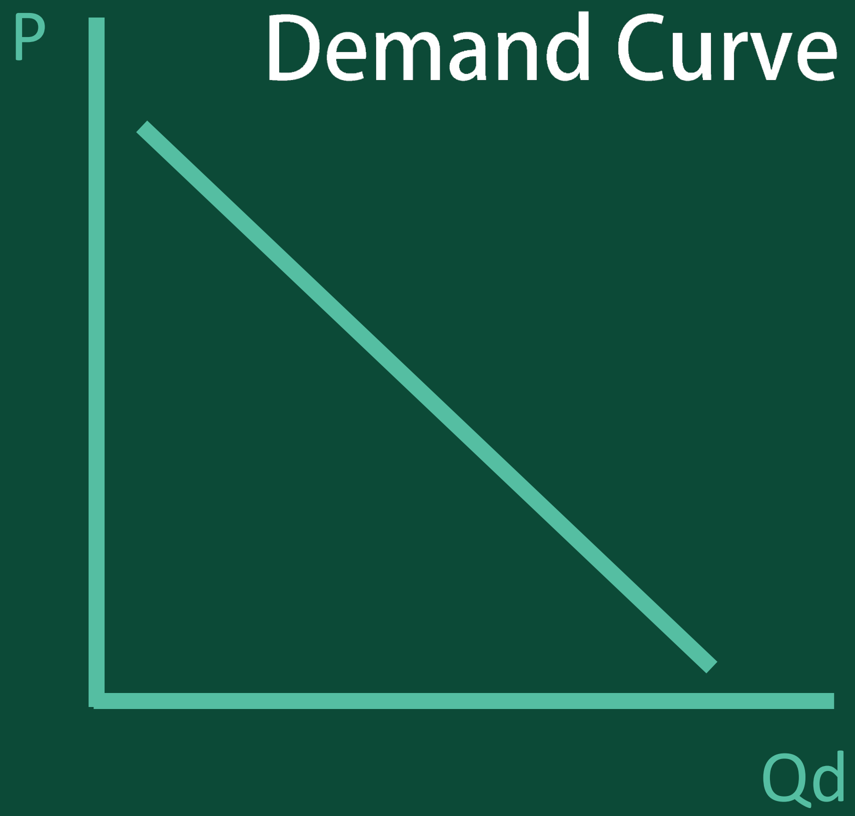
the graphical representation of the inverse relationship between the price and the quantity demanded.

Demand Shifters

These are the factors that affect the movement of the demand curve.


P
D1
D2
Qd
P
D2
D1
Qd

Demand Curve

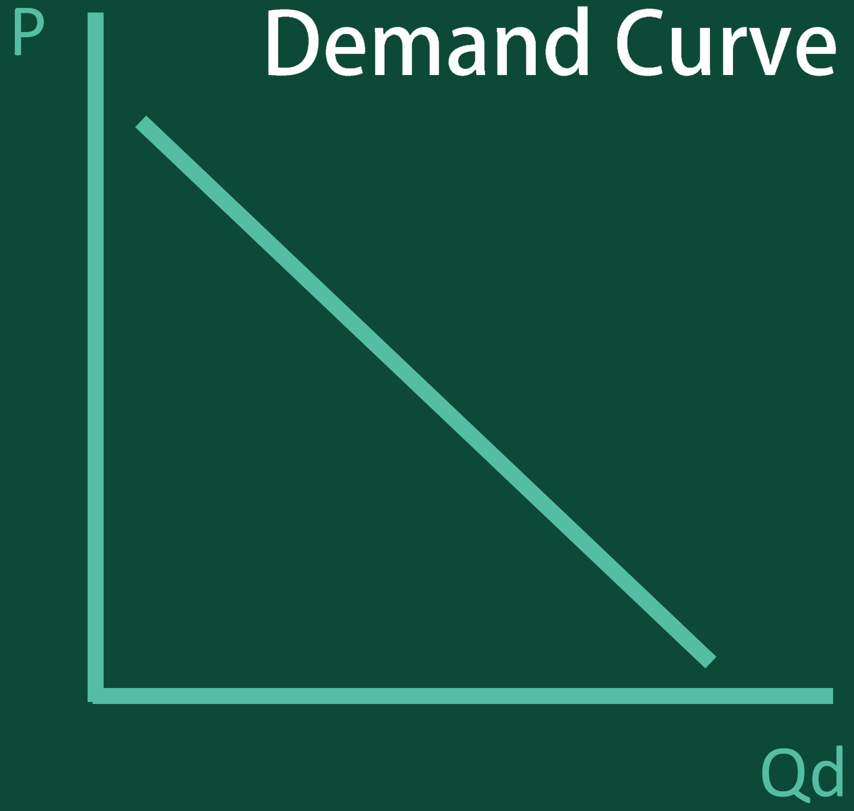


If demand increases shift to the right, and if demand decreases shift to the left.

Factors That Cause a Demand Curve to Shift

1. INCOME
2. NUMBER OF CONSUMERS
3. PRICES OF RELATED GOODS
4. TASTES/ PREFERENCES
5. CONSUMERS’ EXPECTATION

Demand Curve

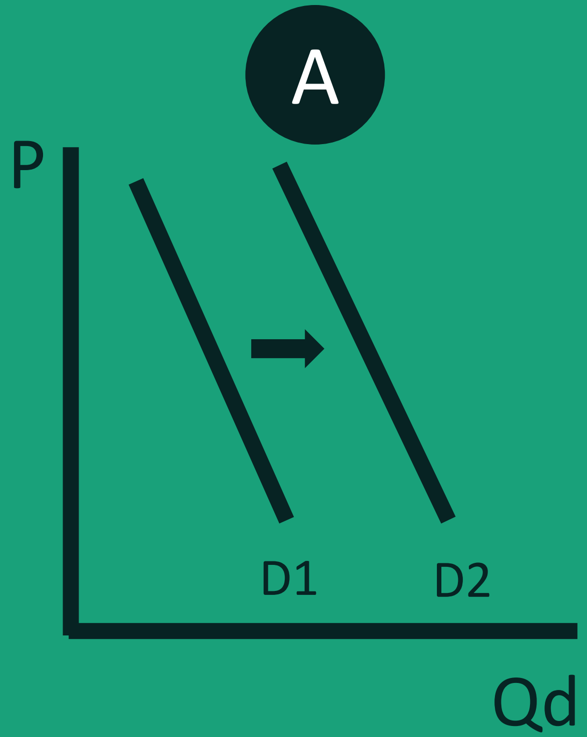


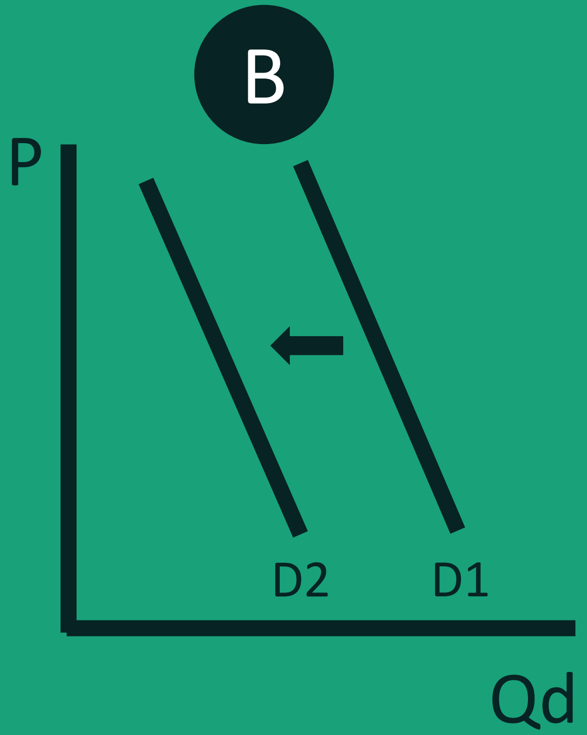
If demand increases shift to the right, and if demand decreases shift to the left.

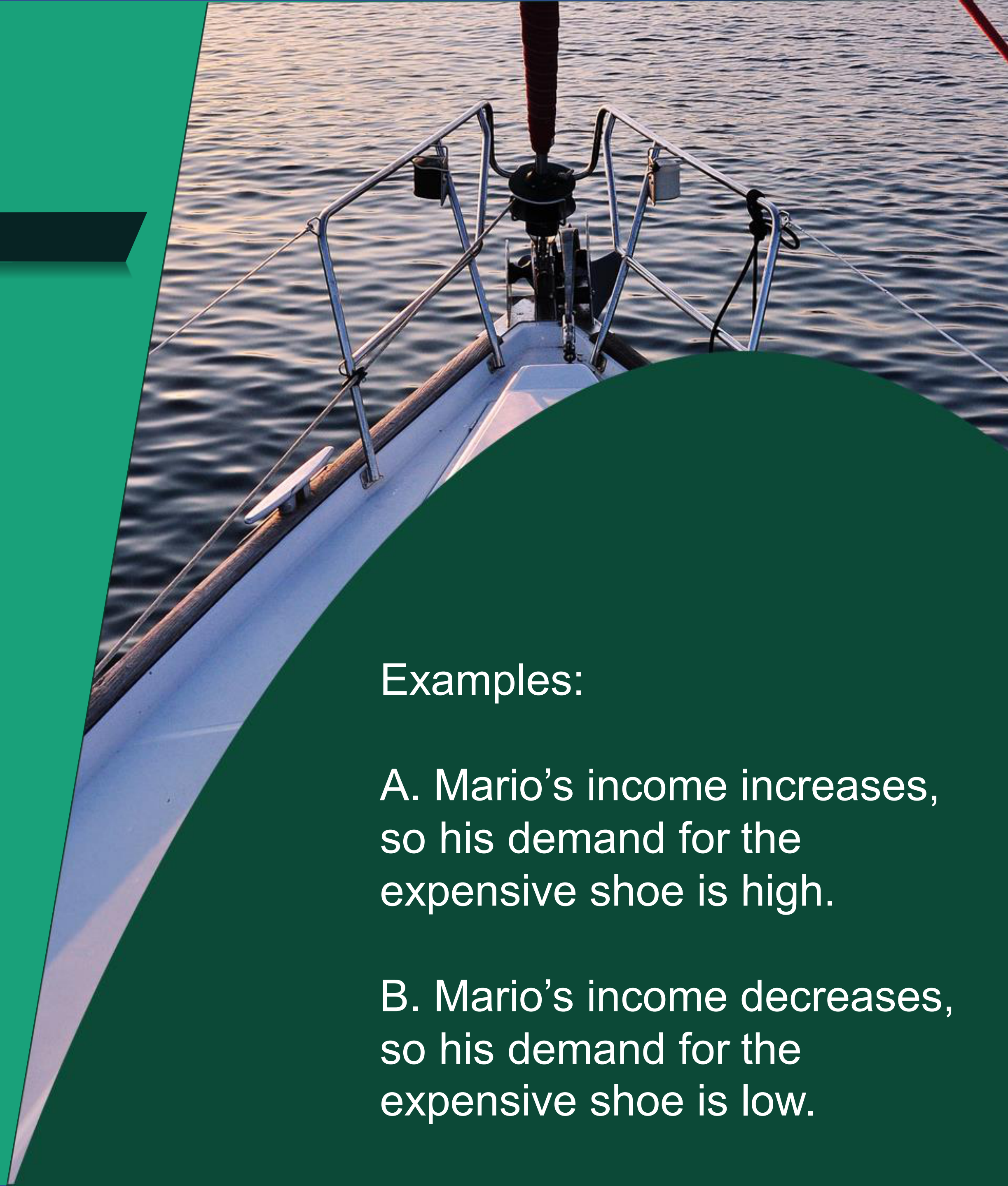
1. INCOME

1.1 Normal Goods

there is a direct relationship between income and quantity demanded.







Examples:

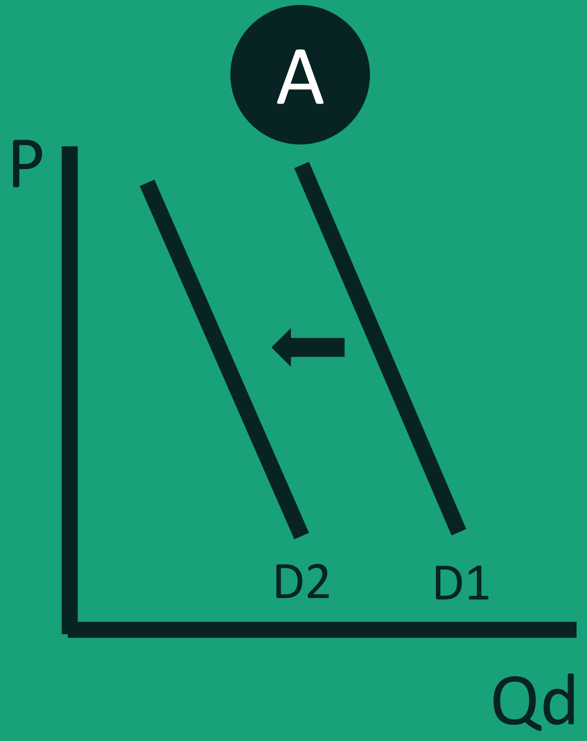
A. Mario’s income increases, so his demand for the expensive shoe is high.

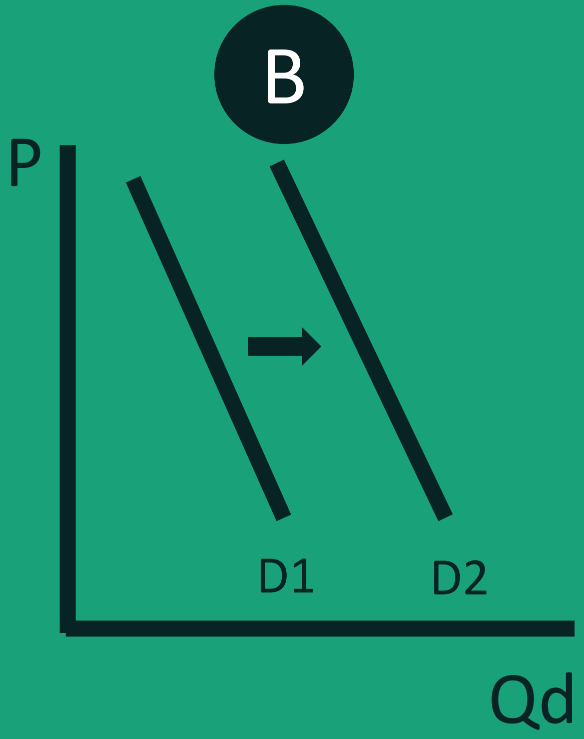
B. Mario’s income decreases, so his demand for the expensive shoe is low.

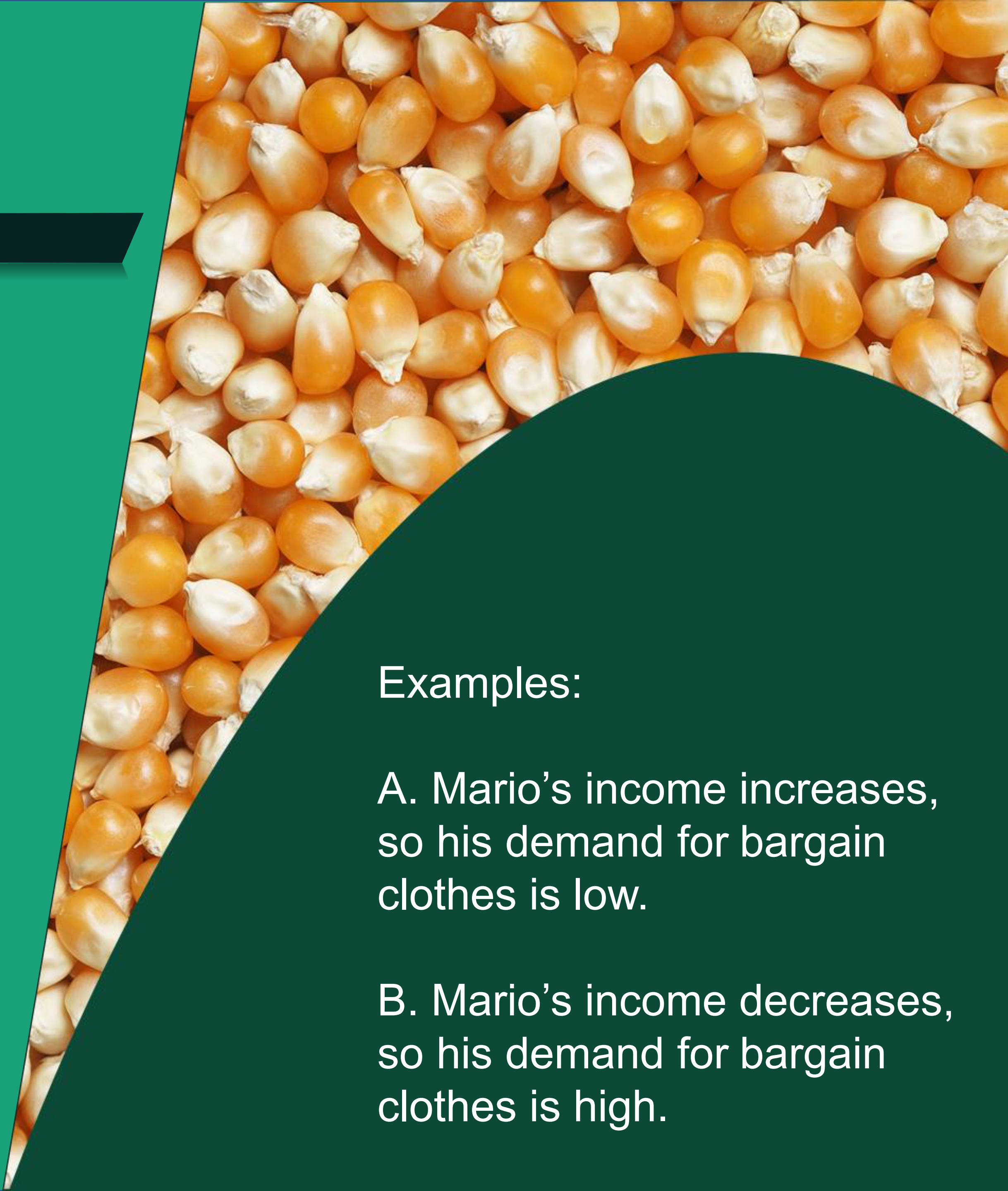
1. INCOME

1.2 Inferior Goods

there is an inverse relationship between income and quantity demanded.







Examples:

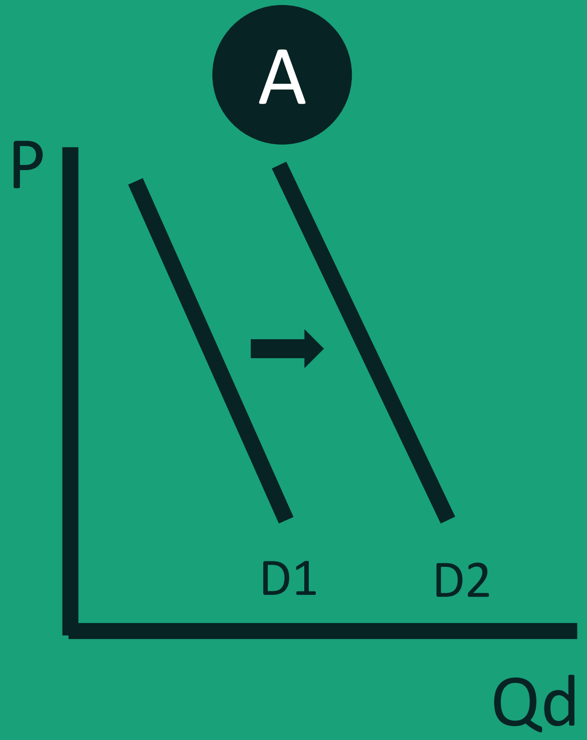
A. Mario’s income increases, so his demand for bargain clothes is low.

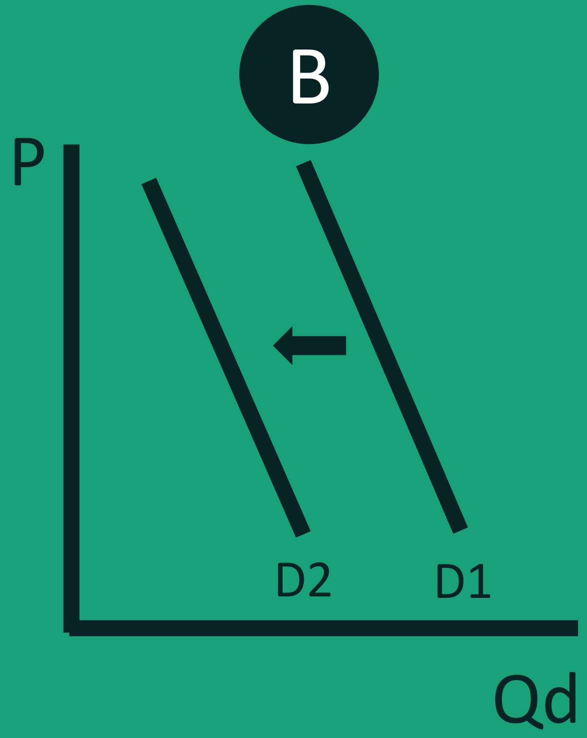
B. Mario’s income decreases, so his demand for bargain clothes is high.

2. NUMBER OF CONSUMERS

1.2 Inferior Goods

there is a direct relationship between the number of consumers and quantity demanded.





Examples:

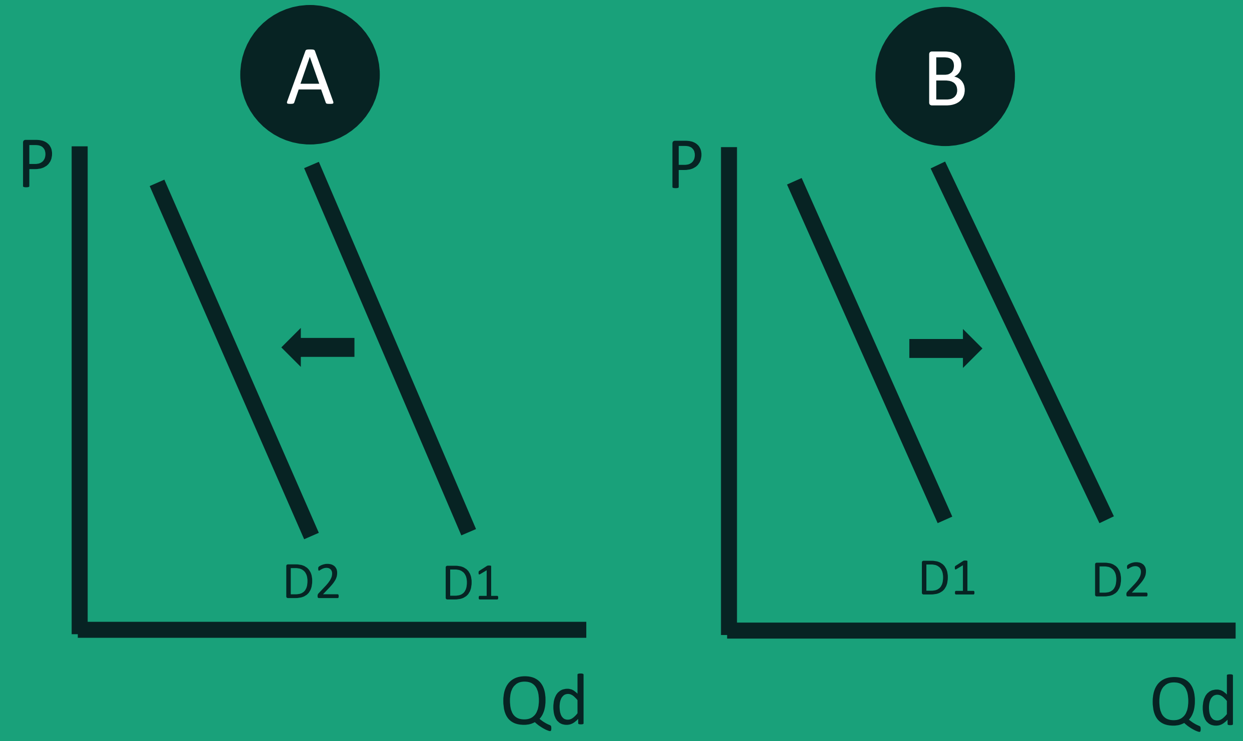
A. Many consumers buy umbrellas due to heavy rain. The demand for umbrella increases.

B. Less consumer buy school supply due to summer vacation. The demand for school supply decreases.

3. PRICES OF RELATED GOODS

3.1 Complementary Goods

there is an inverse relationship between one good to the other goods.



Examples:

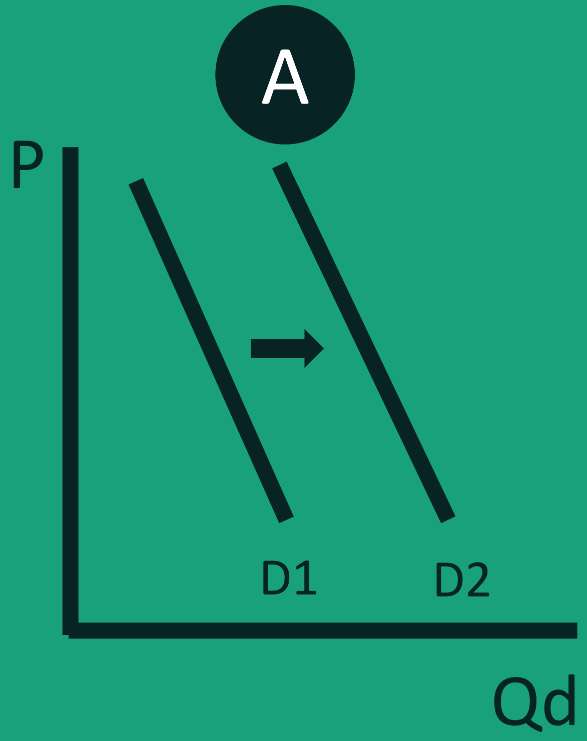
A. If the price of flour increases, the demand for bread will decrease.

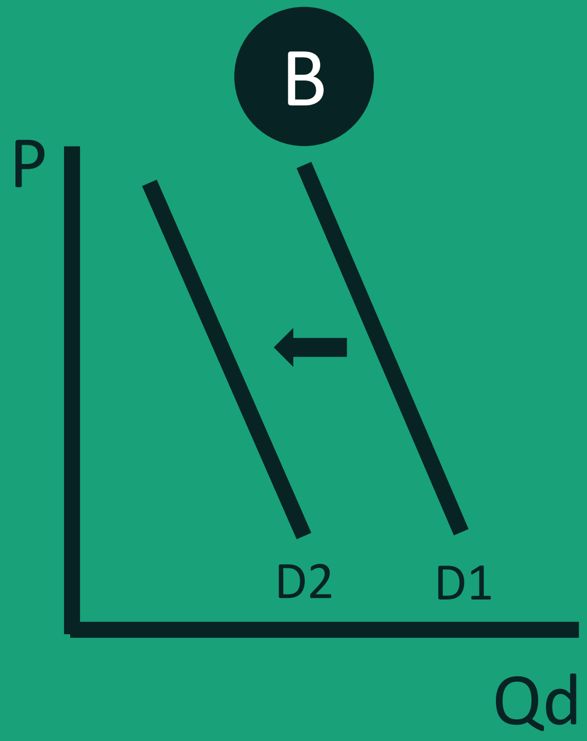
B. If the price of flour decreases, the demand for bread will increase.

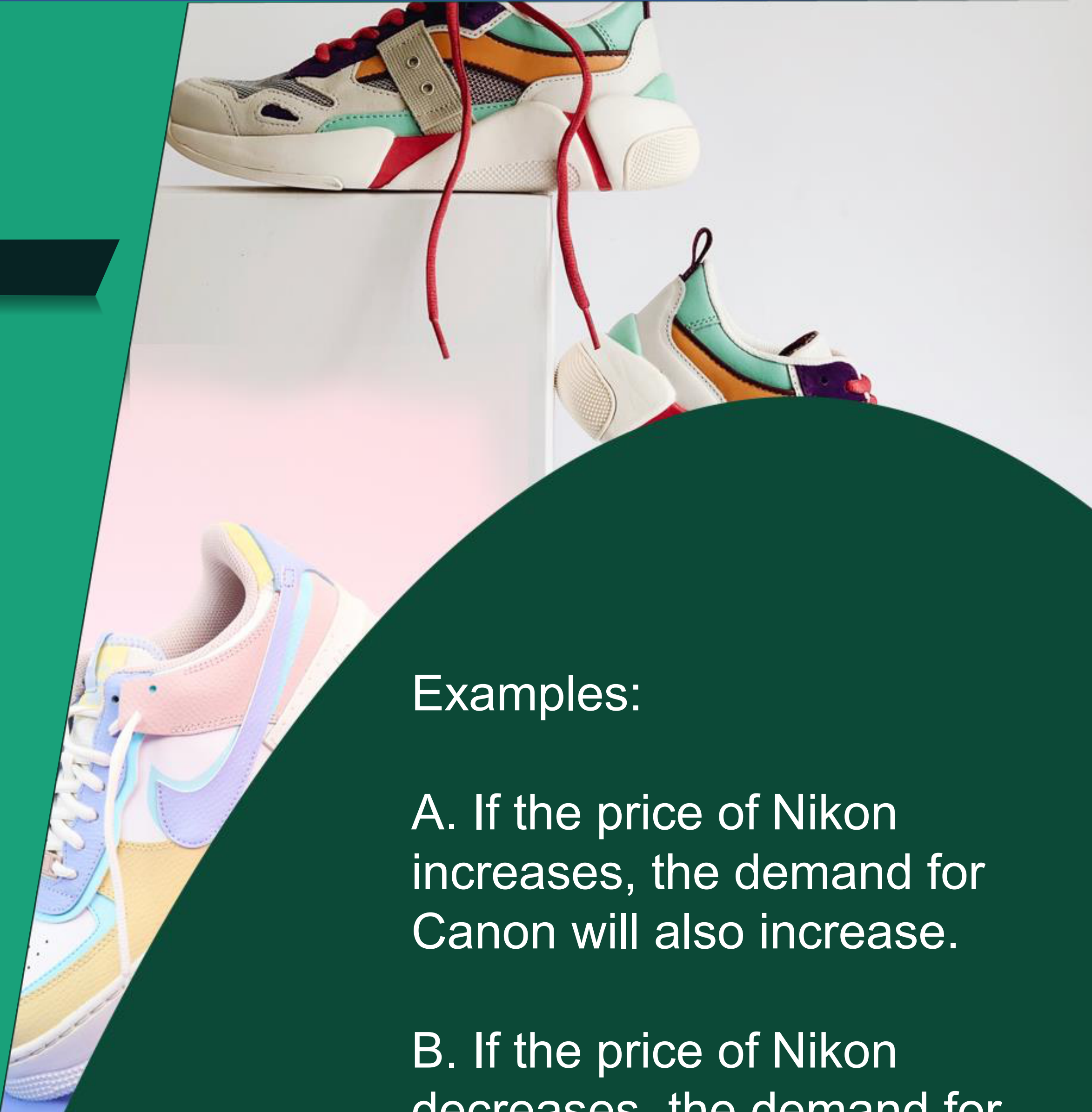
3. PRICES OF RELATED GOODS

3.2 Substitute Goods

there is a direct relationship between one good to the other goods.







Examples:

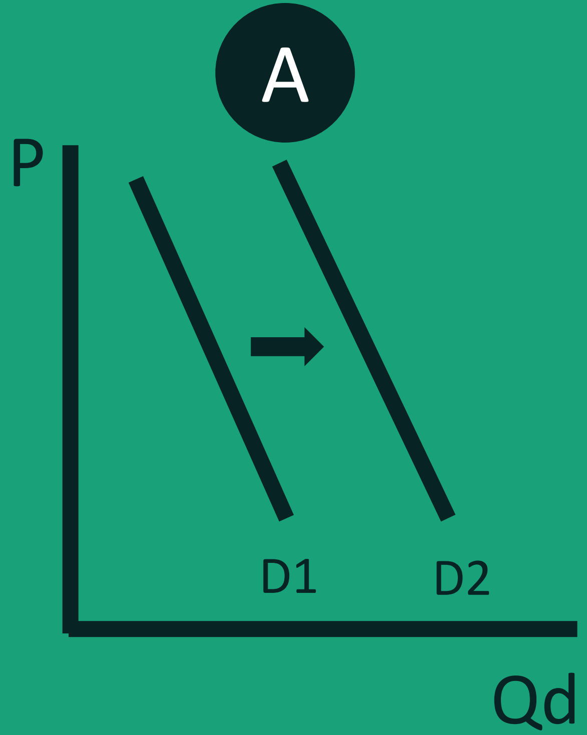
A. If the price of Nikon increases, the demand for Canon will also increase.

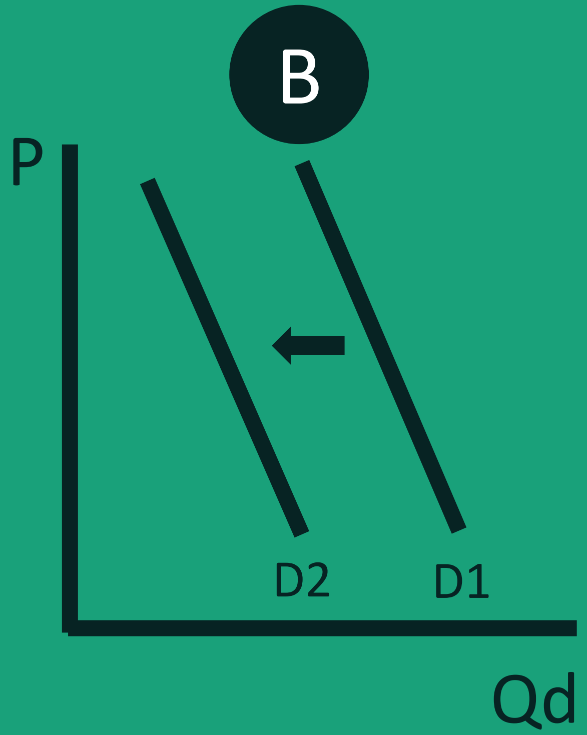
B. If the price of Nikon decreases, the demand for Canon will decrease as well.

4. TASTES OR PREFERENCES

3.2 Substitute Goods

there is a change in the demand based on the different consumer’s sensations, characteristics, and conditions.





Examples:

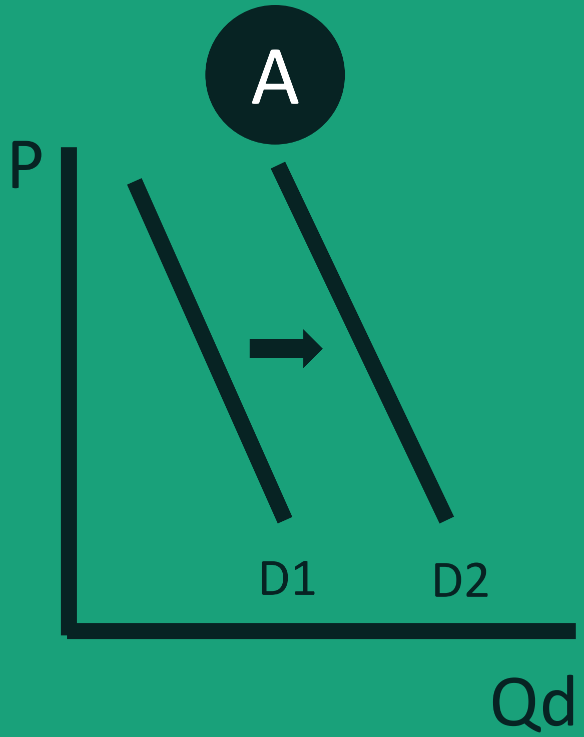
When Charles got older, he became concerned with his health condition, so he shifted his diet from greasy food to nutritious food.

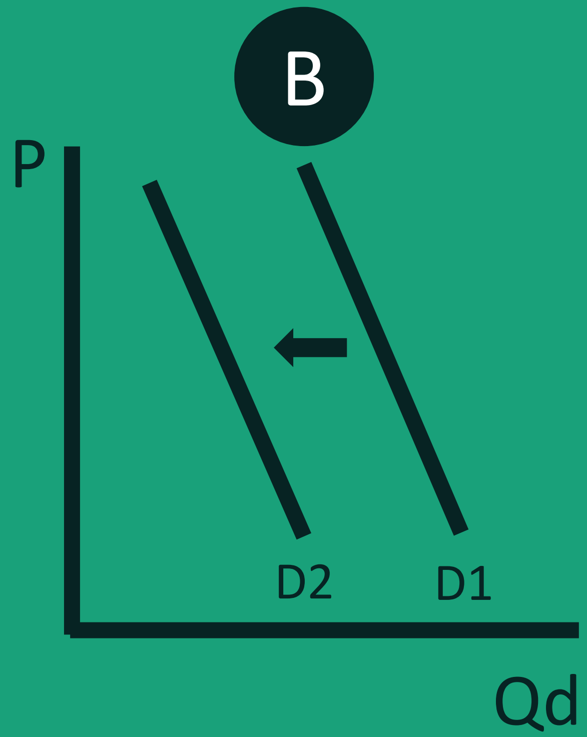
A. Nutritious Food
B. Greasy Food

5. CONSUMERS’ EXPECTATION

3.2 Substitute Goods

there is a change of the quantity demanded in the present if the consumer will think ahead or predict the future condition of the market.



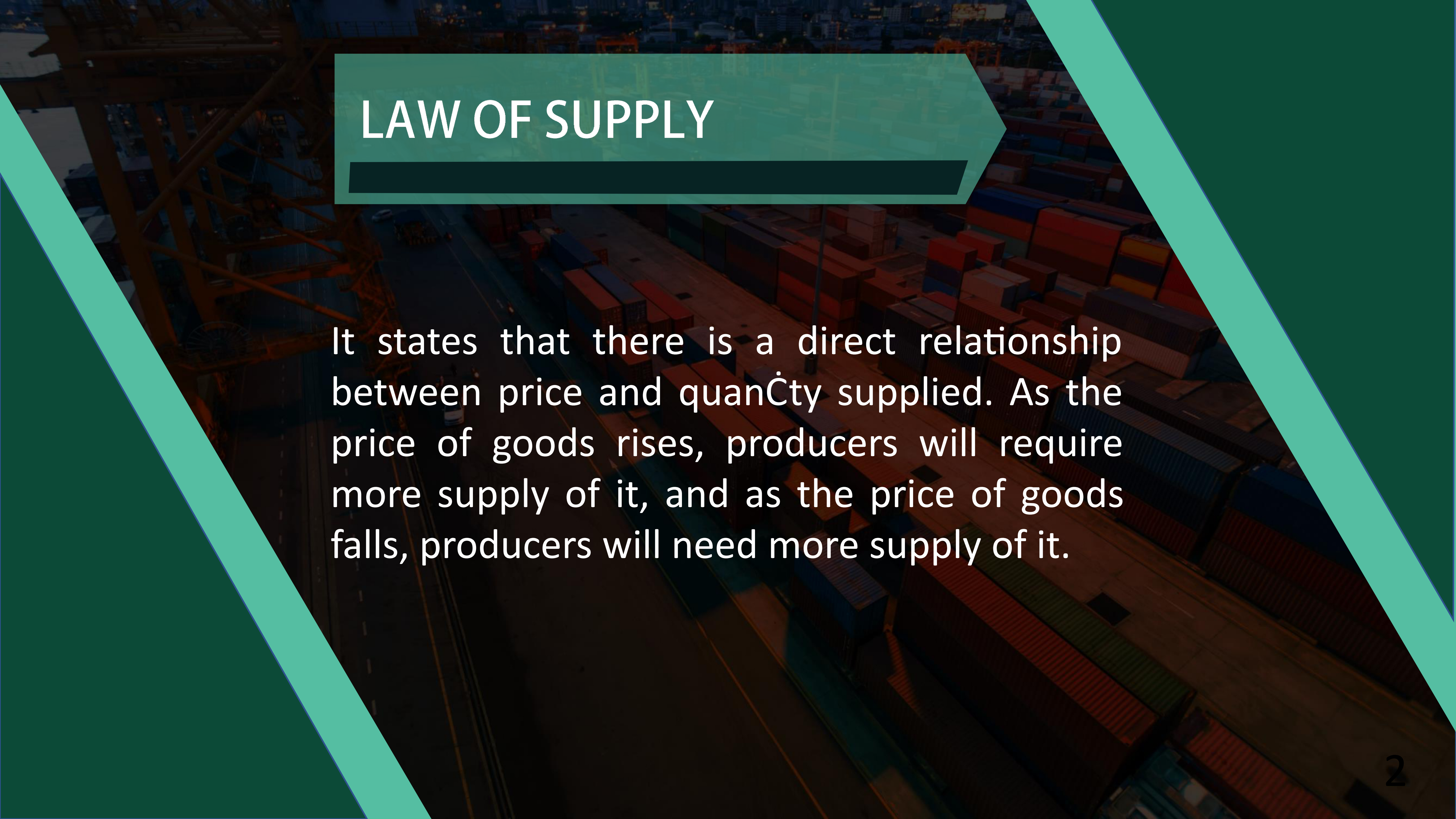


Examples:

A. If the price of the rice will increase next month, the demand for rice in the present will increase.

B. If the price of the rice will decrease next month, the demand for rice in the present will decrease.

LAW OF SUPPLY



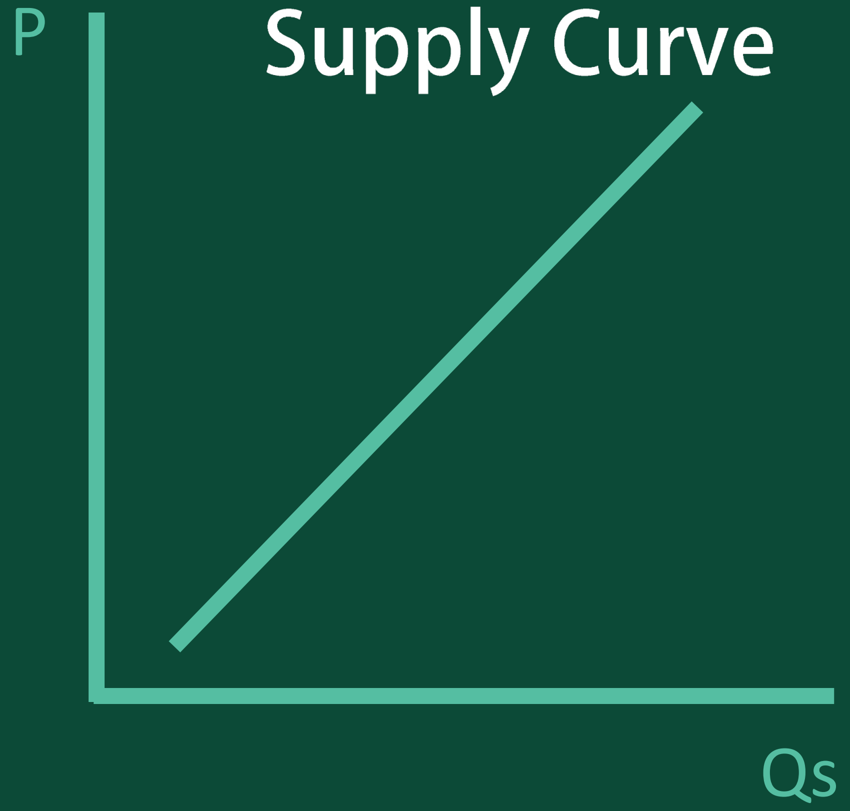
It states that there is a direct relationship between price and quantity supplied. As the price of goods rises, producers will require more supply of it, and as the price of goods falls, producers will need more supply of it.

Supply Schedule

a tabular representation of the direct relationship between price and the quantity supplied.

	SUPPLY SCHEDULE				
Price of Goods	P50	P40	P30	P20	P10
Quantity Supplied	70	55	40	25	10

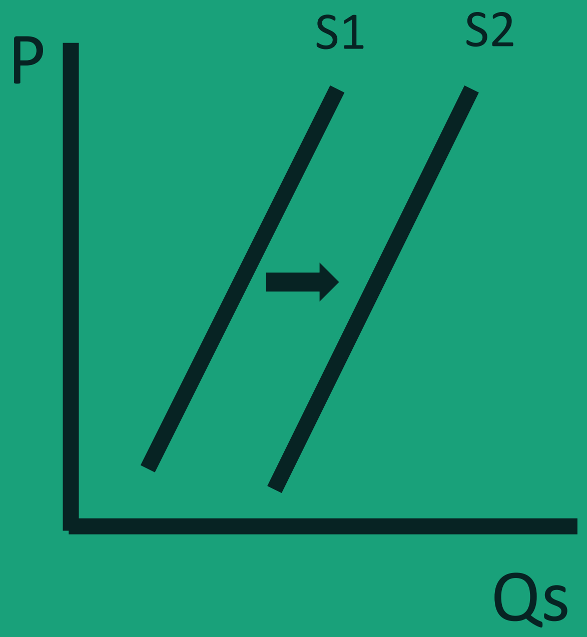
Supply Curve

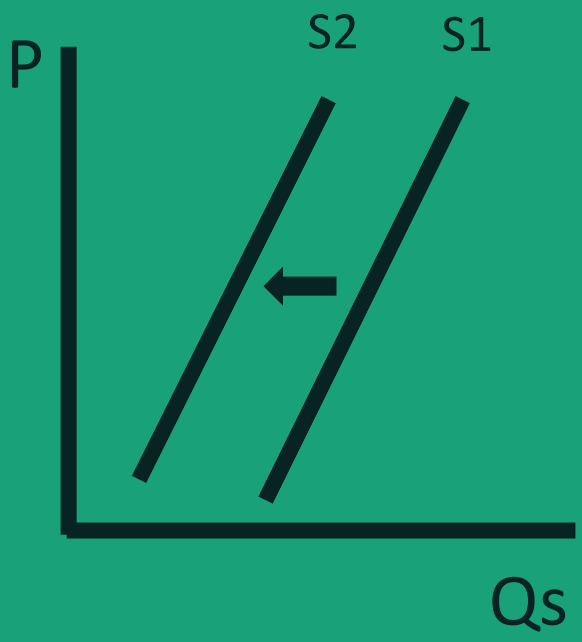


the graphical representation of the direct relationship between the price and the quantity supplied.

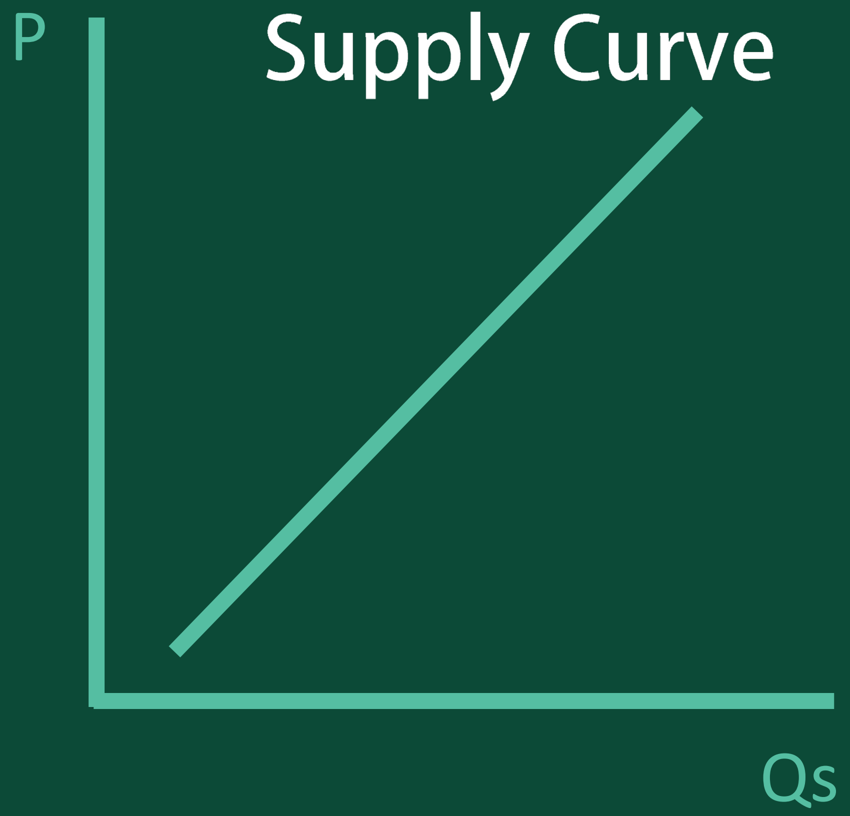
Supply Shifters

These are the factors that affect the movement of the supply curve.





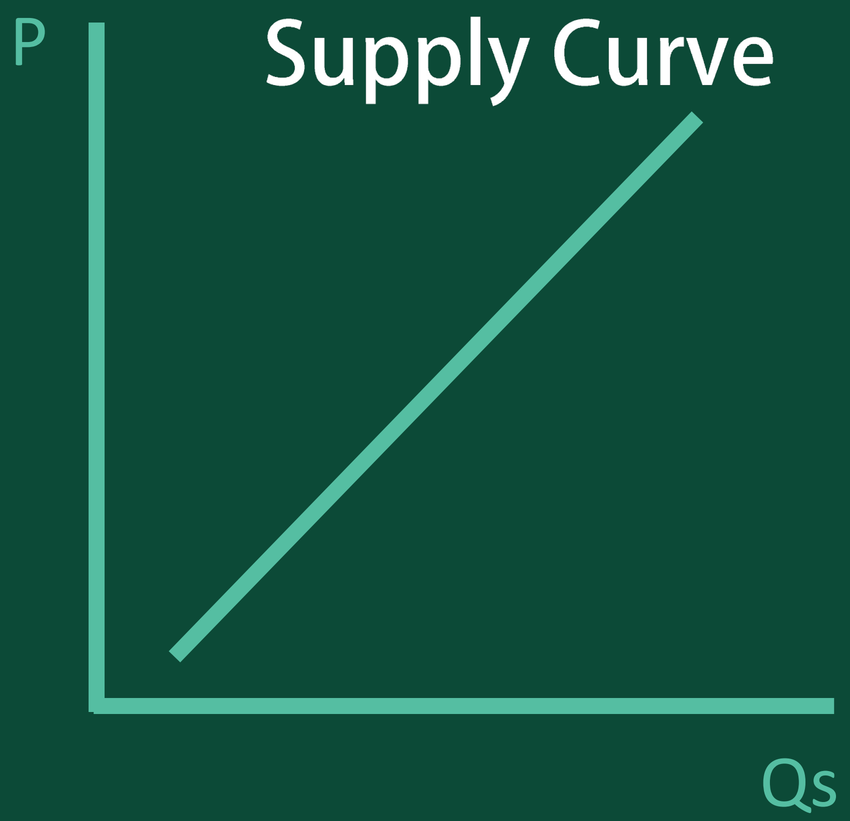
Supply Curve



If supply increases shift to the right, and if supply decreases shift to the left.

Factors That Cause a Supply Curve to Shift

1. PRICE OF RESOURCES
2. NUMBER OF PRODUCERS
3. TECHNOLOGY
4. GOVERNMENT INTERVENTION
5. PRICES OF OTHER GOODS
6. PRODUCERS’ EXPECTATION

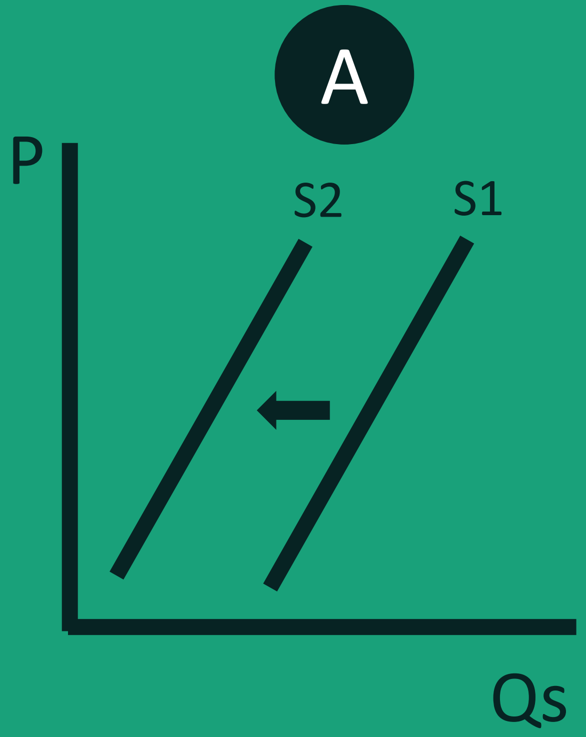


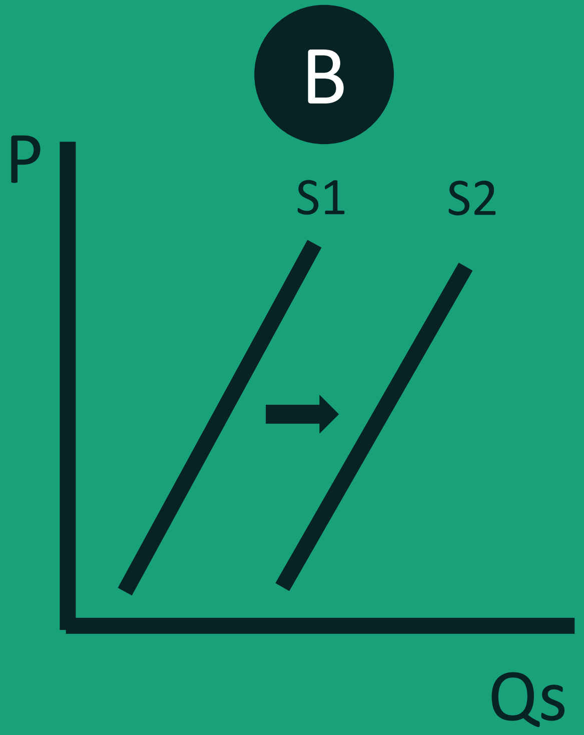
If supply increases shift to the right, and if supply decreases shift to the left.

1. PRICE OF RESOURCES

3.2 Substitute Goods

a changes in price of resources will affect the amount of quantity supply.





Examples:

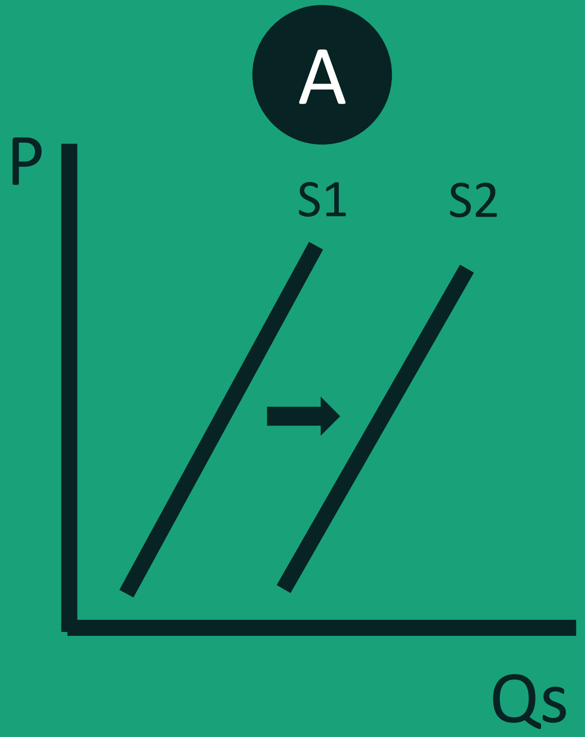
A. The price of the brewing machine increases, so the quantity supply of beer decreases.

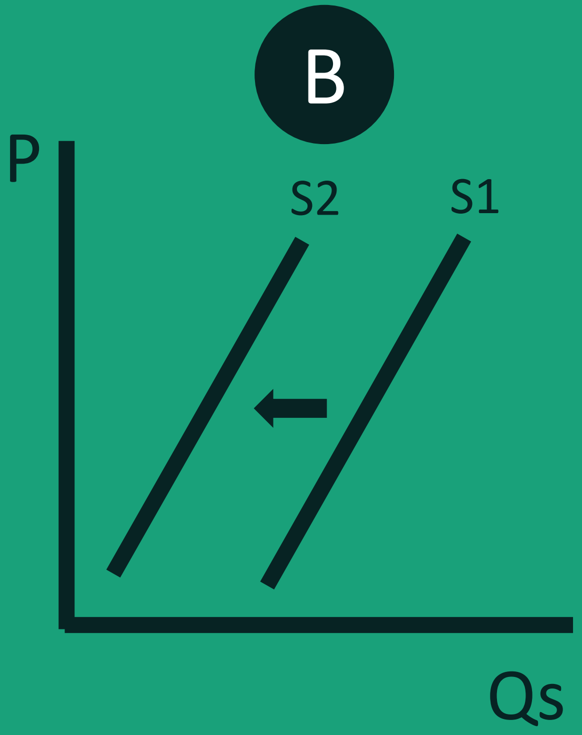
B. The price of timber decreases, so the quantity supply of paper increases.

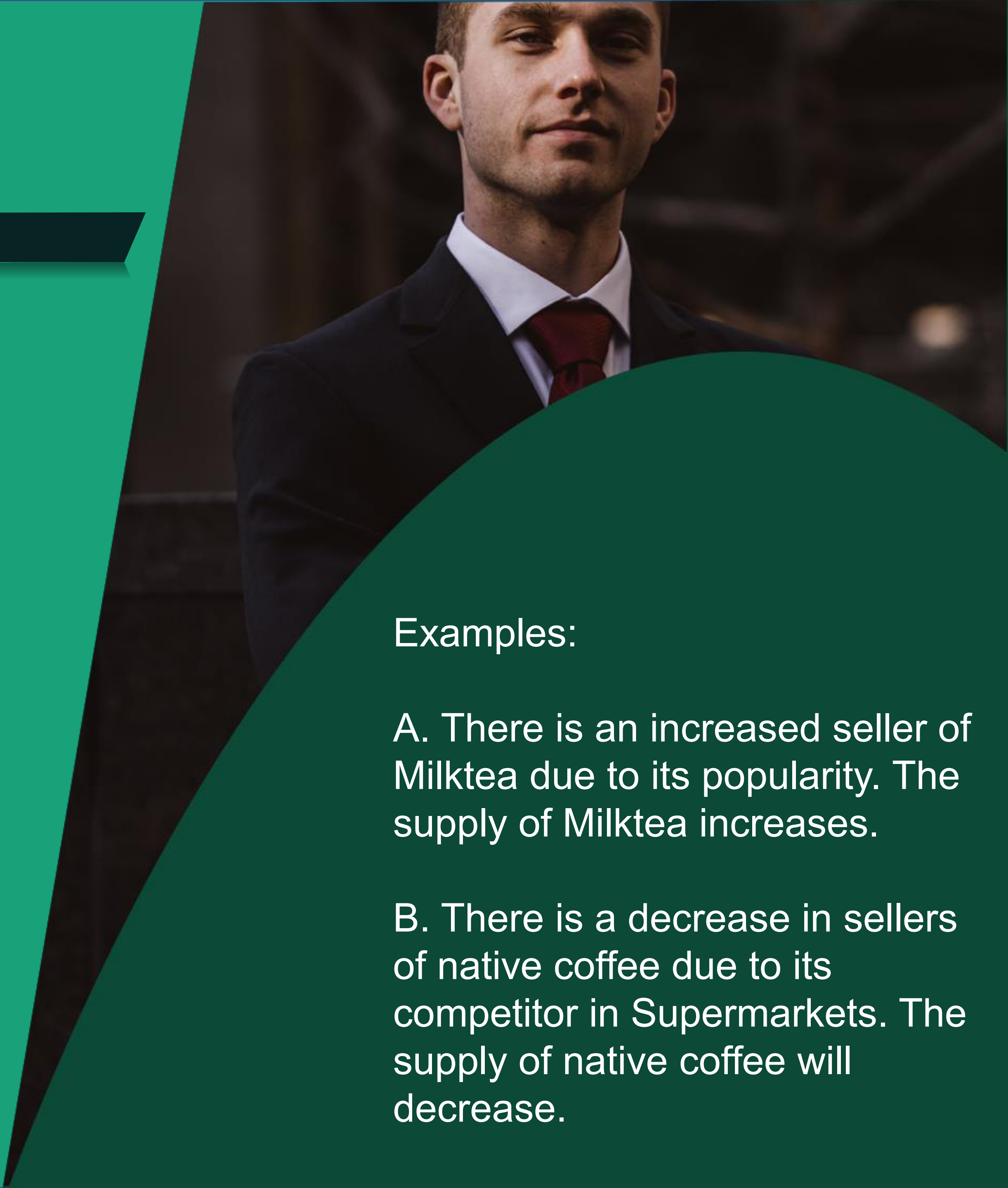
2. NUMBER OF PRODUCERS

3.2 Substitute Goods

there is a direct relationship between number of producers and quantity supplied.







Examples:

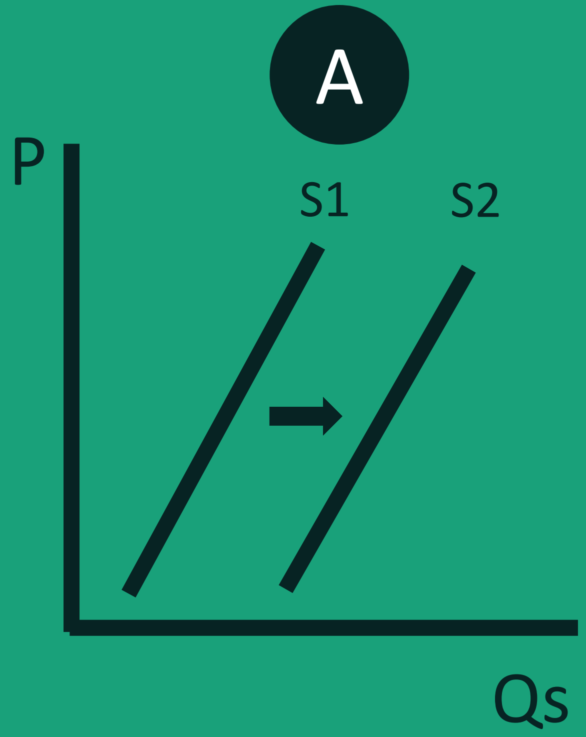
A. There is an increased seller of Milktea due to its popularity. The supply of Milktea increases.

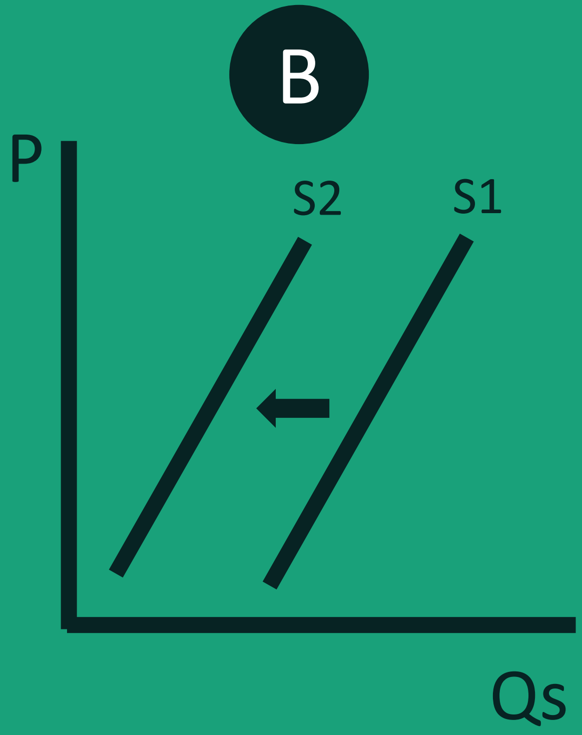
B. There is a decrease in sellers of native coffee due to its competitor in Supermarkets. The supply of native coffee will decrease.

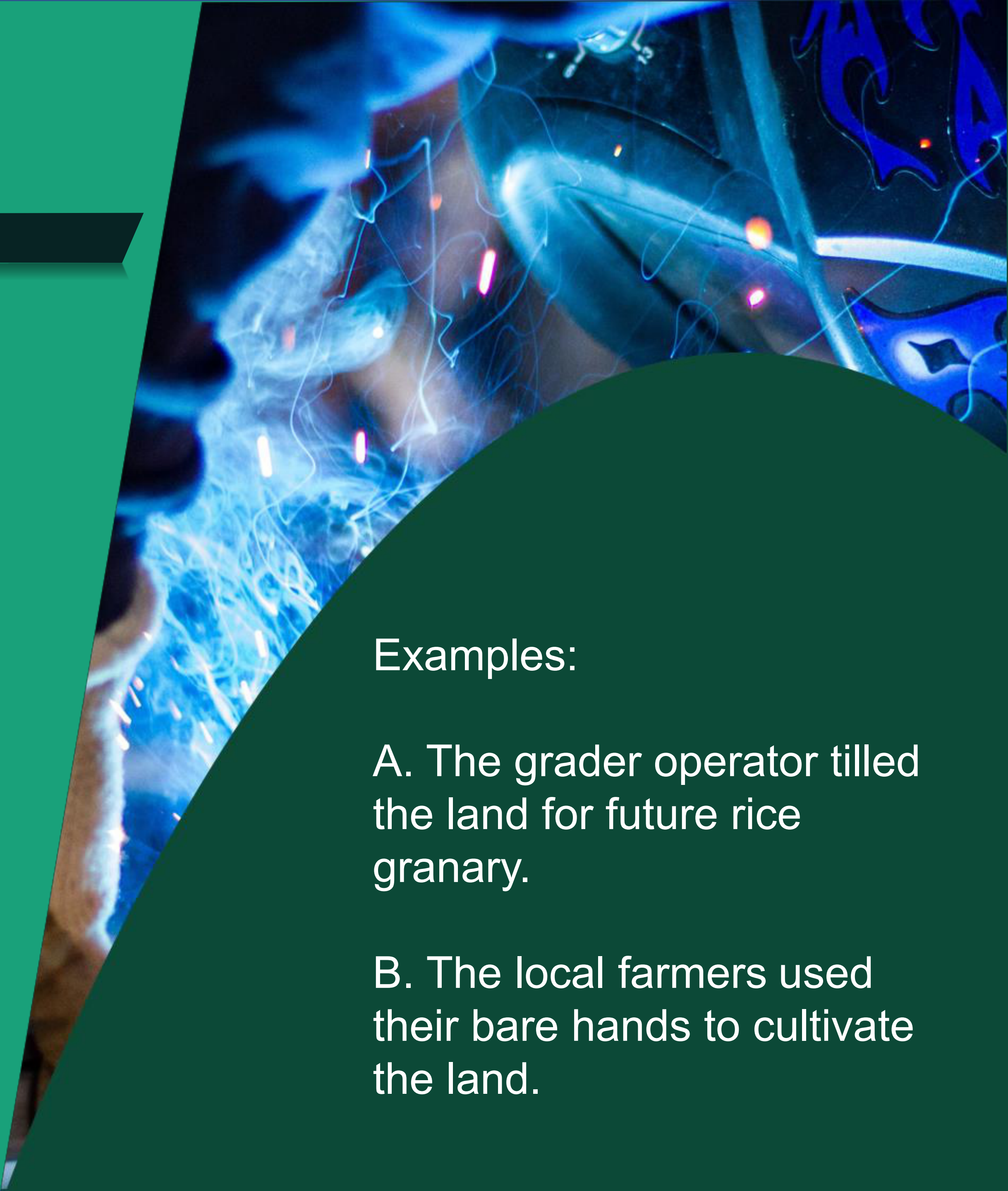
3. TECHNOLOGY

3.2 Substitute Goods

there are change in quantity supplied if producers will use either old or new ways of production.







Examples:

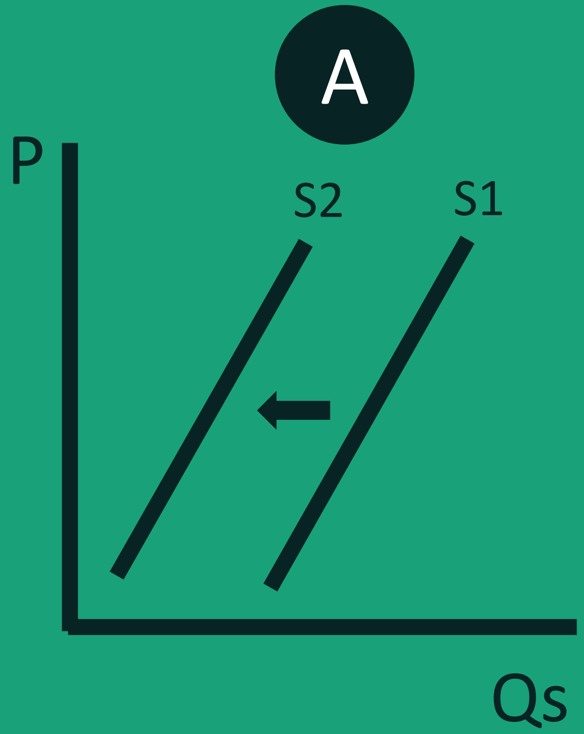
A. The grader operator tilled the land for future rice granary.

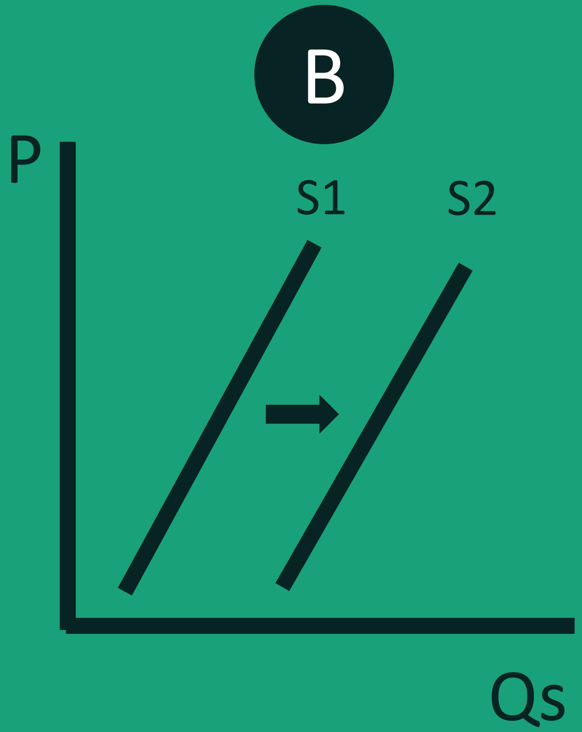
B. The local farmers used their bare hands to cultivate the land.

4. GOVERNMENT INTERVENTION

4.1 Taxes

involuntary payment to government will lead a drastic changes in production.





Examples:

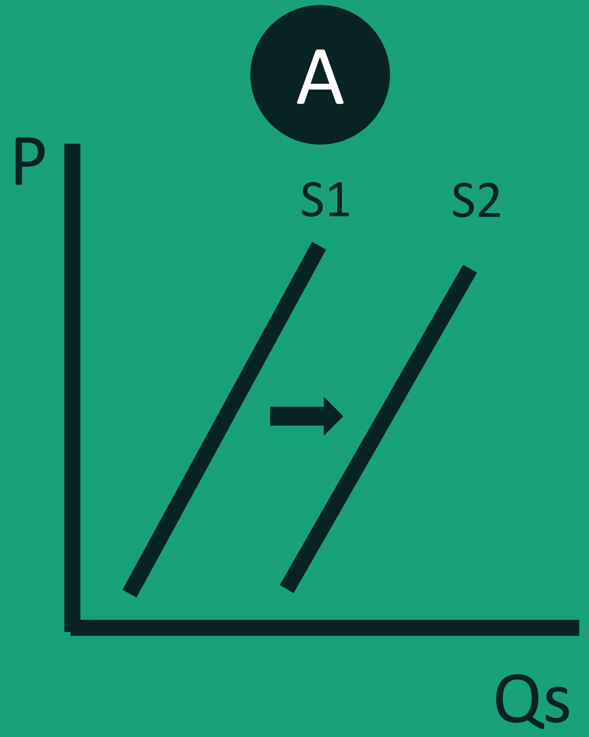
A. The government levied high taxes to can goods. The suppliers barely produced the goods because of this intervention.

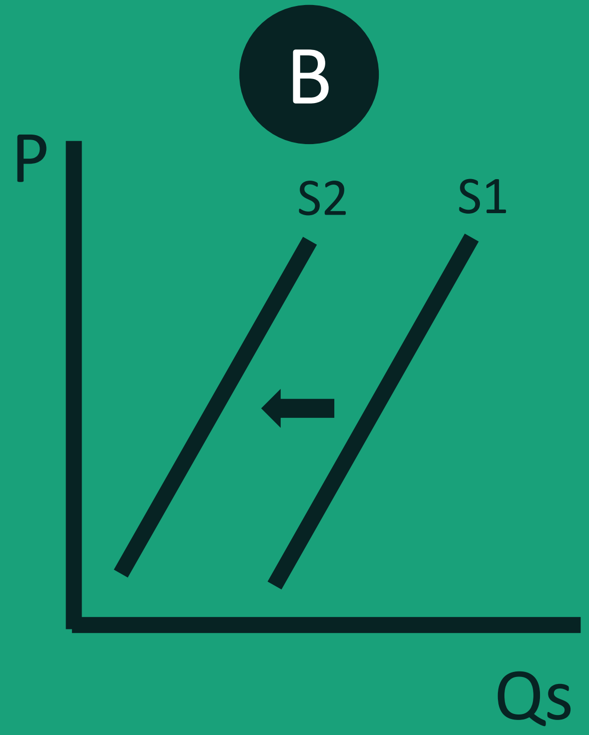
B. The opposite- supply increases if taxes decrease.

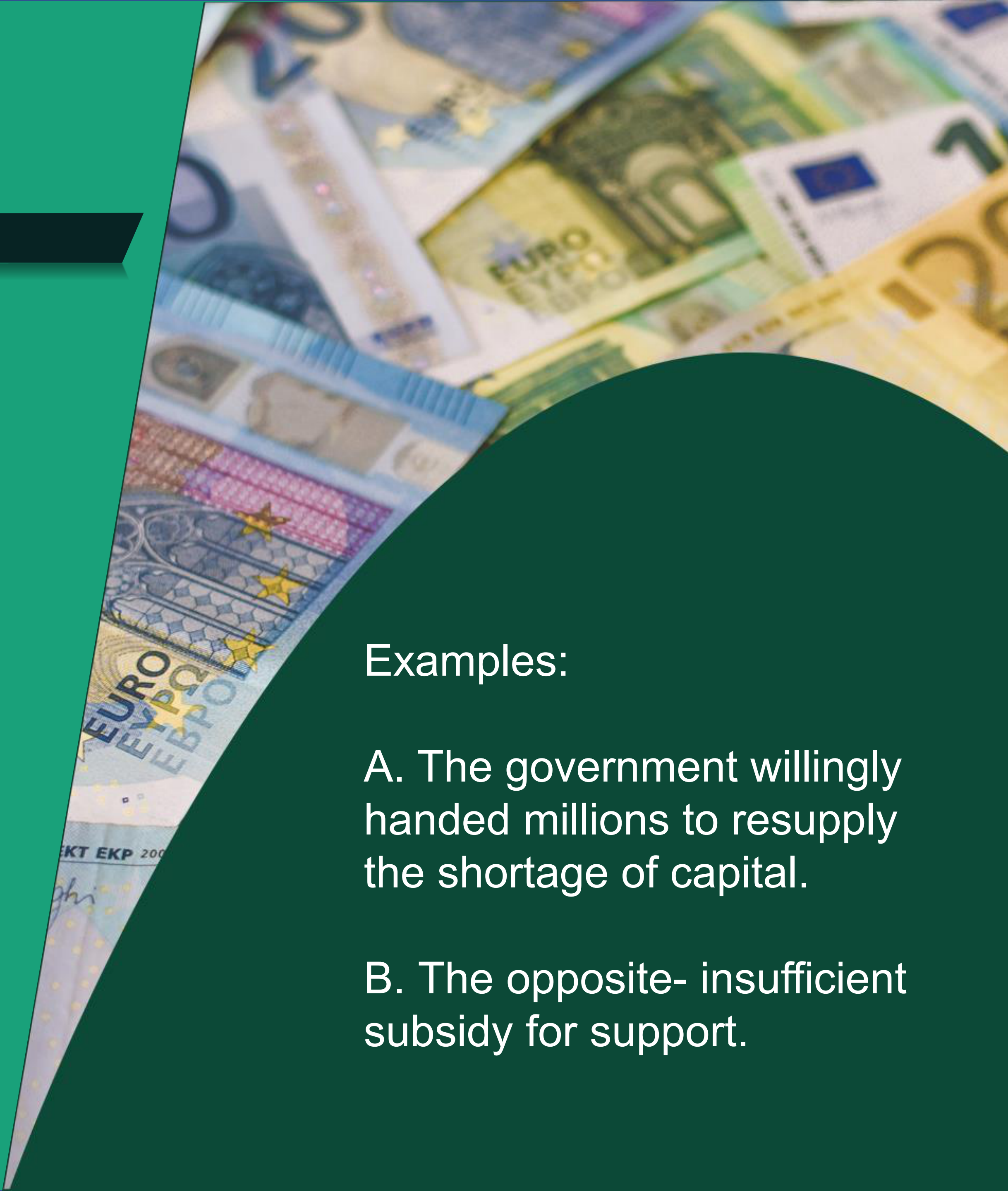
4. GOVERNMENT INTERVENTION

4.2 Subsidies

contribution by the government to ensure the stability of production.







Examples:

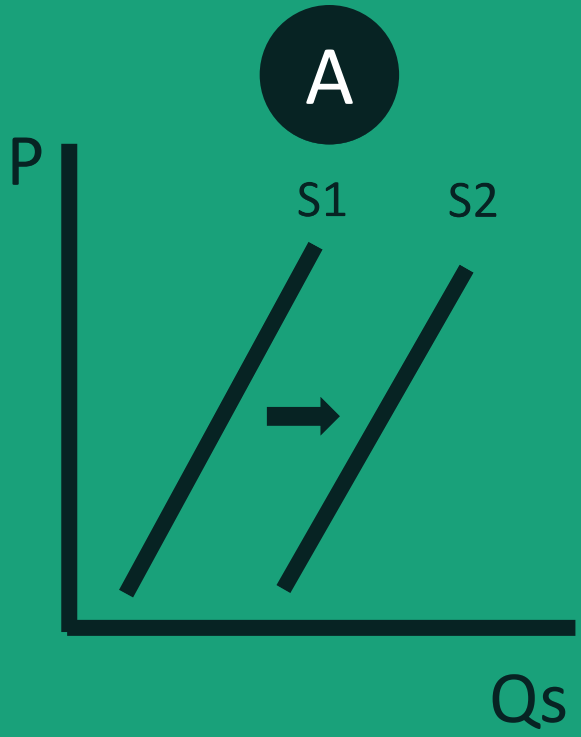
A. The government willingly handed millions to resupply the shortage of capital.

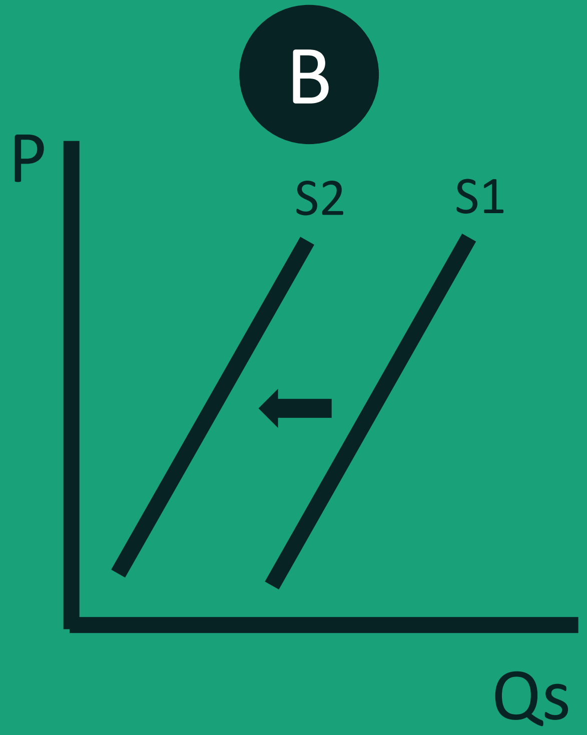
B. The opposite- insufficient subsidy for support.

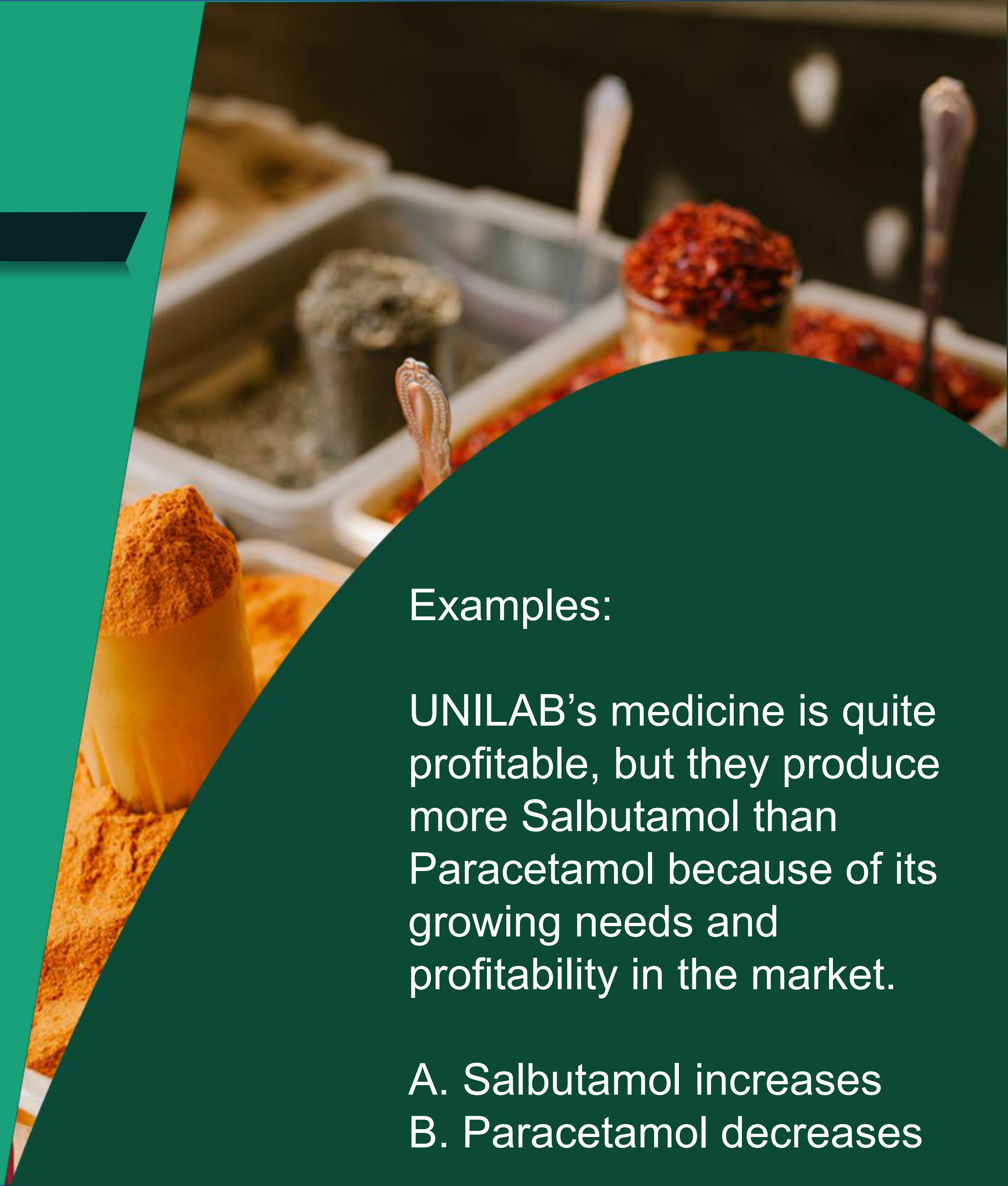
5. PRICES OF OTHER GOODS

3.2 Substitute Goods

The focus of production of the firm shifted if one of their products is demand and the other is not. The increase in supply for one is the loss of the other.







Examples:

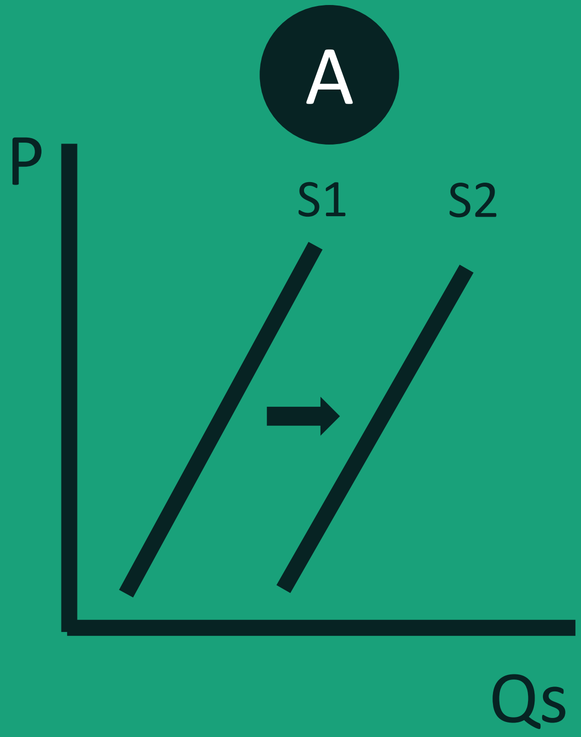
UNILAB’s medicine is quite profitable, but they produce more Salbutamol than Paracetamol because of its growing needs and profitability in the market.

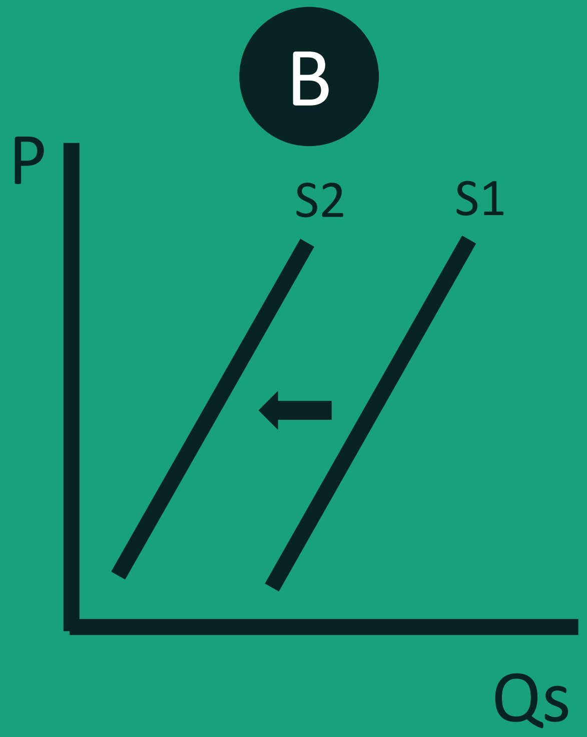
A. Salbutamol increases
B. Paracetamol decreases

6. PRODUCERS’ EXPECTATION

3.2 Substitute Goods

there is a change of the quantity supplied in the present if the producer will think ahead or predict the future condition of the market.





Examples:

A. If the weather forecaster announces that the calamity will probably strike on Monday, the supply of goods will increase.

B. If the weather forecaster announces that the strong wind will successfully bypass the AOR, the supply of goods will decrease.

Thank You !